

Amend Amendment No. 35 by Hilderbran to CSHB 500 (page 2 of the amendment packet) as follows:

(1) Add the following appropriately numbered item to the amendment to read as follows and renumber subsequent items accordingly:

(____) Strike SECTION 4 of the bill (page 2, line 12, through page 3, line 15) and substitute the following:

SECTION _____. Sections 171.101(a) and (b), Tax Code, are amended to read as follows:

(a) The taxable margin of a taxable entity is computed by:

(1) determining the taxable entity's margin, which is the lesser of:

(A) the amount provided by this paragraph, which is the lesser of:

(i) 70 percent of the taxable entity's total revenue from its entire business, as determined under Section 171.1011; or

(ii) an amount equal to the taxable entity's total revenue from its entire business as determined under Section 171.1011 minus \$1 million; or

(B) an amount computed by[+]

~~[(i)]~~ determining the taxable entity's total revenue from its entire business[+] under Section 171.1011 and [+]

~~[(ii)]~~ subtracting the greater of:

(i) \$1 million; or

(ii) an amount equal to:

(a) [+] at the election of the taxable entity, either:

(1) ~~[(a)]~~ cost of goods sold, as determined under Section 171.1012; or

(2) ~~[(b)]~~ compensation, as determined under Section 171.1013; and

(b) any ~~[(iii)] subtracting, in addition to any subtractions made under Subparagraph (ii)(a) or (b),~~ compensation, as determined under Section 171.1013, paid to an individual during the period the individual is serving on active

duty as a member of the armed forces of the United States if the individual is a resident of this state at the time the individual is ordered to active duty and the cost of training a replacement for the individual;

(2) apportioning the taxable entity's margin to this state as provided by Section 171.106 to determine the taxable entity's apportioned margin; and

(3) subtracting from the amount computed under Subdivision (2) any other allowable deductions to determine the taxable entity's taxable margin.

(b) Notwithstanding Subsection (a)(1)(B)(ii)(a) [~~(a)(1)(B)(ii)~~], a staff leasing services company may subtract only the greater of \$1 million as provided by Subsection (a)(1)(B)(i) or compensation as determined under Section 171.1013.

(2) Strike items (1), (2), (3), and (4) of the amendment (page 1, line 2, through page 2, line 6) and renumber subsequent items accordingly.

(3) On page 2, lines 24 through 25, of the amendment, strike "Subsections (c) and (d) and adding Subsections (j) and (j-1)" and substitute "Subsection (d) and adding Subsection (j)".

(4) Strike page 2, line 26, through page 4, line 3, of the amendment and substitute the following:

(d) For purposes of Section 171.101, a combined group shall make an election to subtract either cost of goods sold or compensation that applies to all of its members, or \$1 million. Regardless of the election, the taxable margin of the combined group may not exceed the amount [~~70 percent of the combined group's total revenue from its entire business, as~~] provided by Section 171.101(a)(1)(A) for the combined group.

(j) Notwithstanding any other provision of this section, a taxable entity that provides retail or wholesale electric utilities may not be included as a member of a combined group that includes one or more taxable entities that do not provide retail or wholesale electric utilities if that combined group in the absence of this subsection:

(1) would not meet the requirements of Section 171.002(c) solely because one or more members of the combined group

provide retail or wholesale electric utilities; and

(2) would have less than five percent of the combined group's total revenue derived from providing retail or wholesale electric utilities.

(5) On page 4, lines 6 and 7 of the amendment, strike "171.1016(d), 171.103(c) and (d), and 171.204(b)" and substitute "171.1016(d), and 171.103(c) and (d)".

(6) Strike page 4, line 14, through page 16, line 23, of the amendment.

(7) Strike page 17, lines 6-27 of the amendment.

(8) On page 25 of the amendment, strike lines 3-14.

(9) Add the following appropriately numbered item to the amendment to read as follows and renumber subsequent items accordingly:

(____) Add the following appropriately numbered SECTION to the bill and renumber subsequent SECTIONS of the bill accordingly:

SECTION _____. Subchapter E, Chapter 171, Tax Code, is amended by adding Section 171.216 to read as follows:

Sec. 171.216. BIENNIAL REPORT. Not later than January 1 of each odd-numbered year, the comptroller shall submit to the legislature and the governor a report prepared by an independent researcher from a research center established under Section 1.005, Education Code, or a tier one research university, on tax relief, including tax credits and exemptions, provided to taxable entities through changes to the tax imposed under this chapter enacted by the 83rd Legislature, Regular Session, 2013, for economic development purposes, as determined by the comptroller. The report must include:

(1) an estimate of:

(A) the total number of taxable entities that received tax relief during the preceding two calendar years as a result of those changes; and

(B) the total amount of the tax relief described by Paragraph (A); and

(2) an evaluation of the effects of the tax relief on this state, including the effects on:

(A) employment in this state;

(B) other economic activity in this state; and

(C) state tax revenues.

(10) Add the following appropriately numbered item to the amendment to read as follows and renumber subsequent items accordingly:

(____) Add the following appropriately numbered SECTION to read as follows and renumber subsequent SECTIONS accordingly:

SECTION _____. Subchapter D, Chapter 171, Tax Code, is amended by adding Section 171.159 to read as follows:

Sec. 171.159. RETAILER RECEIPT SHOWING TAX. (a) A taxable entity that is a retailer subject to Chapter 151 shall include on any receipt for an item subject to taxation under Chapter 151 an additional notation showing the amount of taxes the customer is paying for the purpose of reimbursement of the tax under this chapter.

(b) For purposes of this section, the taxable entity may estimate the amount of tax the customer is paying under this chapter based on the tax rate to which the taxable entity is subject.