

Amend CSHB 500 (house committee printing) as follows:

(1) Strike SECTION 4 (page 2, line 12, through page 3, line 15).

(2) On page 8, lines 7-8, strike "65 percent" and substitute "the applicable percentage".

(3) Add the following appropriately numbered SECTION to the bill:

SECTION \_\_\_\_\_. Section 171.101(a), Tax Code, is 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 applicable percentage [~~70 percent~~] of the taxable entity's total revenue from its entire business [~~as~~] determined under Section 171.1011, as follows:

(i) 40 percent, if the taxable entity's total revenue from its entire business is less than \$5 million;

(ii) 50 percent, if the taxable entity's total revenue from its entire business is at least \$5 million but less than \$10 million;

(iii) 60 percent, if the taxable entity's total revenue from its entire business is at least \$10 million but less than \$15 million; and

(iv) 70 percent, if the taxable entity's total revenue from its entire business is at least \$15 million; or

(B) an amount computed by:

(i) determining the taxable entity's total revenue from its entire business, under Section 171.1011;

(ii) subtracting, at the election of the taxable entity, either:

(a) cost of goods sold, as determined under Section 171.1012; or

(b) compensation, as determined under Section 171.1013; and

(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.

(4) Renumber the existing SECTIONS of the bill accordingly.