

Amend CSHB 500 by adding the following appropriately numbered SECTIONS to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. Subtitle B, Title 3, Government Code, is amended by adding Chapter 320A to read as follows:

CHAPTER 320A. REVIEW OF STATE AND LOCAL TAX PREFERENCES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 320A.001. DEFINITION. In this chapter, "tax preference" means a credit, discount, exclusion, exemption, refund, special valuation, special accounting treatment, special rate, or special method of reporting authorized by state law that relates to a state or local tax imposed in this state.

SUBCHAPTER B. SCHEDULE FOR PERIODIC REVIEW

OF STATE AND LOCAL TAX PREFERENCES

Sec. 320A.051. DEVELOPMENT AND BIENNIAL MODIFICATION OF STATE AND LOCAL TAX PREFERENCE REVIEW SCHEDULE. (a) The comptroller shall:

(1) identify each state tax preference and each type of local tax preference;

(2) develop a state and local tax preference review schedule under which each identified tax preference is reviewed once during each 12-year period; and

(3) specifically identify on the schedule each of the tax preferences the Legislative Budget Board must review for purposes of the next report due under Section 320A.151.

(b) Except as provided in Subsection (c), in developing the schedule, the comptroller shall give priority to scheduling for review the tax preferences that result in the greatest reduction in revenue derived from the taxes to which the tax preferences relate.

(c) In developing the schedule, the comptroller may:

(1) schedule for review at the same time all tax preferences authorized in the same chapter of the Tax Code; and

(2) schedule the initial review of a tax preference that has an expiration date for any date the comptroller determines is appropriate.

(d) The comptroller shall revise the schedule biennially only to:

(1) add to the schedule a tax preference that was enacted after the comptroller developed the most recent schedule;

(2) delete from the schedule a tax preference that was repealed or that expired after the comptroller developed the most recent schedule;

(3) update the review dates of the tax preferences for which reviews were conducted after the comptroller developed the most recent schedule; and

(4) update the tax preferences identified under Subsection (a)(3).

Sec. 320A.052. PUBLIC COMMENT. The comptroller shall provide a process by which the public may comment on the state and local tax preference review schedule under Section 320A.051. The comptroller shall consider those comments in developing or revising the schedule.

Sec. 320A.053. SCHEDULE PROVIDED TO LEGISLATIVE BUDGET BOARD. Not later than December 1 of each odd-numbered year, the comptroller shall provide the state and local tax preference review schedule to the Legislative Budget Board.

SUBCHAPTER C. CONDUCT OF REVIEW OF STATE

AND LOCAL TAX PREFERENCES

Sec. 320A.101. PERIODIC REVIEW OF TAX PREFERENCES. The Legislative Budget Board shall periodically review each state tax preference and each type of local tax preference according to the state and local tax preference review schedule provided by the comptroller under Section 320A.053. In reviewing a tax preference, the board shall:

(1) summarize the legislative history of the tax preference;

(2) estimate the amount of lost tax revenue attributable to the tax preference during the preceding 12-year period, including the percent reduction in the tax revenue of the related state or local tax, using amounts reported by the comptroller under Section 403.014, if available;

(3) determine the effect of the tax preference on the distribution of the tax burden by income class and industry or business class during the preceding 12-year period, using amounts

reported and data analyzed by the comptroller under Sections 403.014 and 403.0141, if available; and

(4) evaluate, for a tax preference that reduces by more than one percent the total revenue of the related state or local tax, the fiscal impact of the tax preference during the preceding and following 12-year periods, based on a cost-benefit analysis of the general effects of the tax preference on the overall state economy, including the effects on:

(A) job creation by industry sector;

(B) average wage by industry sector;

(C) gross state product by industry sector;

(D) business expenditures by industry sector;

and

(E) personal consumption by income class.

Sec. 320A.102. COOPERATION BY OTHER STATE ENTITIES. (a) The Legislative Budget Board may request assistance from the comptroller or any other state agency, department, or office if the board needs assistance to perform the review required by Section 320A.101. The comptroller or other agency, department, or office shall provide the requested assistance.

(b) Notwithstanding Section 111.006, Tax Code, or other law, the comptroller shall provide to the Legislative Budget Board complete electronic access to tax files maintained by the comptroller, as the staff of the board determines necessary to perform a review required by Section 320A.101. An employee of the board that accesses tax files maintained by the comptroller is subject to the same duties and requirements regarding confidentiality as an employee of the comptroller who accesses the files.

SUBCHAPTER D. REPORT ON TAX PREFERENCES

Sec. 320A.151. REPORT. Not later than September 1 of each even-numbered year, the Legislative Budget Board shall provide to the presiding officers of the senate finance committee, or its successor, and the house ways and means committee, or its successor, a report on the reviews of tax preferences identified under Section 320A.051(a)(3). The board shall post the report on the board's Internet website as soon as possible after the board

provides the report to the presiding officers under this section.

SECTION _____. Notwithstanding Section 320A.053, Government Code, as added by this Act, the comptroller of public accounts shall submit the initial state and local tax preference review schedule required by that section not later than January 15, 2014.

SECTION _____. The Legislative Budget Board shall submit the initial report required by Section 320A.151, Government Code, as added by this Act, not later than September 1, 2014.