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HOUSE OF REPRESENTATIVES
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FLOOR AMENDMENT NO._____ BY: _____

Amend C.S.H.B. No. 500 (house committee printing) by adding the following appropriately numbered SECTION to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. (a) Chapter 325, Government Code, is amended by adding Section 325.025 to read as follows:

Sec. 325.025. EVALUATION OF EXEMPTIONS FROM FRANCHISE TAX. (a) The commission shall periodically evaluate each exemption provided by Chapter 171, Tax Code, from the tax imposed under that chapter.

(b) The commission shall conduct the evaluation required by Subsection (a) according to a schedule that the commission adopts. The schedule must provide for the commission to evaluate each tax exemption at an interval not to exceed six years. The commission shall provide the schedule to the governor, lieutenant governor, speaker of the house of representatives, and presiding officers of the senate finance committee and the house ways and means committee.

(c) The commission's evaluation of each tax exemption must:

(1) include an evaluation of the exemption's effect on:

(A) revenue received from the tax imposed under Chapter 171;

(B) the entities that receive the exemption;

(C) sales of property, goods, and services made in this state, where applicable; and

(D) economic investment and growth in this state;

(2) take into account any other factors the commission considers relevant in evaluating the exemption;

(3) consider whether retaining the exemption is in the

public's best interest; and

(4) make recommendations for retaining or repealing the exemption, or for amending a provision related to the exemption.

(d) At each regular legislative session, the commission shall present to the legislature and the governor a report on the evaluation and recommendations it makes under Subsection (c). The report must include drafts of any legislation needed to carry out the commission's recommendations under that subsection.

(e) The evaluation described by this section does not apply to a tax exemption that is:

(1) explicitly provided by the constitution of this state; or

(2) related to an item or service that this state is unable to tax under the United States Constitution or federal law.

(b) Chapter 101, Tax Code, is amended by adding Section 101.010 to read as follows:

Sec. 101.010. SUNSET PROVISION FOR CERTAIN EXEMPTIONS FROM FRANCHISE TAX. (a) The exemptions provided by Chapter 171 from the tax imposed under that chapter are subject to periodic evaluation by the Sunset Advisory Commission under Section 325.025, Government Code, according to a schedule that the commission adopts under that section.

(b) A tax exemption that is the subject of a Sunset Advisory Commission evaluation under Section 325.025, Government Code, and a section or part of a section that provides the exemption are repealed on December 31 of the year in which the commission presents its evaluation to the legislature unless the legislature retains the exemption.

(c) This section does not prohibit the legislature from repealing an exemption from the tax imposed under Chapter 171 at a

date earlier than the date provided by this section.

(d) The evaluation described by Subsection (a) and the repeal described by Subsection (b) do not apply to a tax exemption relating to an item or service that this state is unable to tax under the United States Constitution or federal law.

(c) The Sunset Advisory Commission shall adopt a schedule for evaluating exemptions from the tax imposed under Chapter 171, Tax Code, as provided by Section 325.025, Government Code, as added by this section, on or before January 1, 2014.