

Amend CSHB 32 (house committee printing) as follows:

(1) On page 1, line 8, between "171.003" and "and", insert ", 171.007,".

(2) On page 1, line 11, between "171.003" and "and", insert ", 171.007,".

(3) On page 1, line 14, strike "171.1016(a) and (b)," and substitute "171.1016(a), (b), and (e),".

(4) On page 2, line 7, between "percent" and the period, insert "or, if applicable, the adjusted tax rate adopted by the comptroller under Section 171.007".

(5) On page 2, between lines 7 and 8, insert the following:

(e) A reference in this chapter or other law to the rate of the franchise tax means, as appropriate:

(1) [7] the rate under Section 171.002 or, for a taxable entity that elects to pay the tax as provided by this section, the rate under this section; or

(2) the adjusted rates under Section 171.007.

(6) Add the following appropriately numbered SECTIONS to the bill, and renumber the SECTIONS of the bill accordingly:

SECTION \_\_\_\_\_. Subchapter A, Chapter 171, Tax Code, is amended by adding Section 171.007 to read as follows:

Sec. 171.007. COMPTROLLER TAX RATE ADJUSTMENT. (a) On the date the comptroller makes the transfer of any unencumbered positive balance of general revenues from a preceding biennium to the economic stabilization fund as described by Section 49-g(b), Article III, Texas Constitution, the comptroller shall:

(1) identify an amount of money equal to 25 percent of those unencumbered general revenues that are not transferred under that subsection;

(2) estimate the amount of revenue attributable to the tax imposed under this chapter that would be received by the comptroller during the current state fiscal biennium if the tax were imposed at the rates under Sections 171.002(a) and (b) and Section 171.1016 in effect on the date the estimate is made; and

(3) subtract the amount of money identified under Subdivision (1) from the amount of revenue estimated under Subdivision (2).

(b) If the amount of money determined under Subsection (a)(3) is greater than zero, the comptroller shall determine the rates for purposes of Sections 171.002(a) and (b) and Section 171.1016 that, if applied beginning January 1 of the current state fiscal biennium, are estimated to generate the amount of money determined by the comptroller under Subsection (a)(3) for that biennium. In determining the rates under this subsection, the comptroller shall proportionally reduce the rates under Sections 171.002(a) and (b) and Section 171.1016 that are in effect on the date the comptroller makes the determination.

(c) Not later than December 15 of each odd-numbered year, the comptroller shall:

(1) adopt the adjusted tax rates determined under Subsection (b);

(2) publish notice of the adjusted tax rates in the Texas Register; and

(3) provide any other notice relating to the adjusted tax rates that the comptroller considers appropriate.

(d) The adjusted tax rates adopted by the comptroller under this section apply to a report originally due on or after January 1 of the even-numbered year following the date the rates are adopted.

(e) In the state fiscal year in which the amount of money determined under Subsection (a)(3) is zero or less:

(1) this chapter expires as provided by Section 171.975; and

(2) not later than December 15 of that year the comptroller shall:

(A) publish notice in the Texas Register that an entity previously subject to the tax imposed under this chapter is no longer required to file a report or pay the tax; and

(B) provide any other notice relating to the expiration of the tax that the comptroller considers appropriate.

(f) An action taken by the comptroller under this section is final and may not be appealed.

(g) The comptroller shall adopt rules to implement this section.

SECTION \_\_\_\_\_. Chapter 171, Tax Code, is amended by adding

Subchapter Z to read as follows:

SUBCHAPTER Z. EXPIRATION

Sec. 171.975. EXPIRATION. This chapter expires on December 31 of the year in which the amount of money determined by the comptroller under Section 171.007(a)(3) is zero or less.

SECTION \_\_\_\_\_. (a) Chapter 171, Tax Code, and Subtitle B, Title 2, Tax Code, continue to apply to audits, deficiencies, redeterminations, and refunds of any tax due or collected under Chapter 171 until barred by limitations.

(b) The expiration of Chapter 171, Tax Code, does not affect:

(1) the status of a taxable entity that has had its corporate privileges, certificate of authority, certificate of organization, certificate of limited partnership, corporate charter, or registration revoked, suit filed against it, or a receiver appointed under Subchapter F, G, or H of that chapter;

(2) the ability of the comptroller of public accounts, secretary of state, or attorney general to take action against a taxable entity under Subchapter F, G, or H of that chapter for actions that took place before the chapter expired; or

(3) the right of a taxable entity to contest a forfeiture, revocation, lawsuit, or appointment of a receiver under Subchapter F, G, or H of that chapter.