



15 APR 27 AM 9:57
HOUSE OF REPRESENTATIVES

FLOOR AMENDMENT NO. _____

BY: White, James

1 Amend C.S.H.B. No. 32 (House Committee printing) by adding
2 the following appropriately numbered SECTION to the bill and
3 renumbering subsequent SECTIONS of the bill accordingly:

4 SECTION _____. Section 171.1012, Tax Code, is amended by
5 adding Subsection (q) to read as follows:

6 (q) Notwithstanding Subsection (i) or any other provision
7 of this section, a taxable entity that is primarily engaged in the
8 business of harvesting trees for wood may subtract as cost of goods
9 sold the direct costs of acquiring or producing the timber for the
10 wood that are specified by this subsection or otherwise described
11 by this section, regardless of whether the taxable entity owns the
12 land from which the trees are harvested, the harvested timber, or
13 the wood resulting from the harvested timber. For purposes of this
14 subsection, direct costs include costs of:

15 (1) moving harvesting equipment;

16 (2) severing timber;

17 (3) transporting timber to and from a mill or
18 designated delivery point;

19 (4) obtaining, using, storing, or maintaining
20 equipment necessary for an activity described by Subdivision (1),
21 (2), or (3); and

22 (5) other supplies, labor, freight, and fuel necessary
23 for an activity described by Subdivision (1), (2), or (3).