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HOUSE OF REPRESENTATIVES

FLOOR AMENDMENT NO. \_\_\_\_

BY: *Bonnen of Brazoria*

1 Amend C.S.H.B. No. 32 (house committee printing) as follows:

2 (1) In SECTION 1 of the bill, in amended Section  
3 171.002(a), Tax Code (page 1, line 8), between "171.003" and  
4 "and", insert ", 171.004,".

5 (2) In SECTION 1 of the bill, in amended Section  
6 171.002(b), Tax Code (page 1, line 11), between "171.003" and  
7 "and", insert ", 171.004,".

8 (3) In SECTION 2 of the bill, in amended Section  
9 171.1016(b), Tax Code (page 1, line 22), strike "The" and insert  
10 in its place, "Subject to Section 171.004, the".

11 (4) Add the following appropriately numbered SECTION to the  
12 bill and renumber the SECTIONS of the bill accordingly:

13 SECTION    . Subchapter A, Chapter 171, Tax Code, is amended  
14 by adding Section 171.004 to read as follows:

15 Sec. 171.004. ADJUSTMENT OF TAX RATES. (a) Beginning in  
16 2018, on January 1 of each year of a biennium for which the  
17 comptroller's biennial revenue estimate projects state tax  
18 revenues not dedicated by the constitution will exceed the limit  
19 on those appropriations under Section 22(a), Article VIII, Texas  
20 Constitution:

21 (1) the rate of the franchise tax under Section  
22 171.002(a) is adjusted by subtracting 0.15 from the rate in  
23 effect on December 31 of the previous year;

24 (2) the rate of the franchise tax under Section  
25 171.002(b) is adjusted by subtracting 0.075 from the rate in  
26 effect on December 31 of the previous year; and

27 (3) the rate of the franchise tax under Section  
28 171.1016(b) (3) is adjusted by subtracting 0.0662 from the rate

1 in effect on December 31 of the previous year.

2 (b) The tax rates determined under Subsection (a) apply to  
3 a report originally due on or after the date the determination  
4 is made.

5 (c) Notwithstanding Subsection (a), if an adjustment  
6 otherwise required by Subsection (a) would reduce a rate of the  
7 franchise tax to less than zero, the rate is instead reduced to  
8 zero.

9 (d) Notwithstanding any other law, if the rates of the  
10 franchise tax are reduced to zero under Subsection (a) or (c), a  
11 taxable entity does not owe any tax and is not required to file  
12 a report that would otherwise be originally due on or after the  
13 date the rates are reduced to zero.

14 (e) The comptroller shall make the determination required  
15 by Subsection (a) and may adopt rules related to making that  
16 determination. The comptroller shall publish the franchise tax  
17 rates determined under this section in the Texas Register and on  
18 the comptroller's Internet website not later than January 15 of  
19 each year.

20 (f) A determination by the comptroller under this section  
21 is final and may not be appealed.