

Amend **CSSB 2** (house committee report) by adding the following appropriately numbered SECTION to the bill and renumbering the SECTIONS of the bill accordingly:

SECTION _____. (a) 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. DEFINITIONS. In this chapter:

(1) "Commission" means the select commission on periodic tax preference review.

(2) "Tax preference" means an abatement, credit, discount, exclusion, exemption, limitation on appraised value, refund, special valuation, special accounting treatment, special appraisal method or provision, special rate, or special method of reporting authorized by state law or the state constitution that relates to a state or local tax imposed in this state.

SUBCHAPTER B. SELECT COMMISSION ON PERIODIC TAX PREFERENCE REVIEW

Sec. 320A.051. COMPOSITION OF COMMISSION. The select commission on periodic tax preference review is composed of:

(1) five members of the house of representatives, appointed by the speaker of the house of representatives;

(2) five members of the senate, appointed by the lieutenant governor; and

(3) the comptroller.

Sec. 320A.052. TERMS. The members of the commission serve two-year terms that expire December 31 of each even-numbered year.

Sec. 320A.053. VACANCY. If a vacancy occurs, the individual who originally appointed the vacating member or the individual's successor shall appoint an individual to fill the vacancy for the remainder of the unexpired term.

Sec. 320A.054. OFFICERS. (a) The speaker of the house of representatives shall select one member of the commission appointed under Section 320A.051(1) to serve as chair of the commission.

(b) The lieutenant governor shall select one member of the commission appointed under Section 320A.051(2) to serve as vice chair of the commission.

Sec. 320A.055. MEETINGS. The commission shall meet at the

call of the chair.

Sec. 320A.056. STAFF. On the commission's request, the Legislative Budget Board, the Texas Legislative Council, the office of the governor, the comptroller, the senate, and the house of representatives shall provide staff to assist the commission in performing the commission's duties.

Sec. 320A.057. COOPERATION BY OTHER STATE ENTITIES. The commission may request the assistance of any state agency, department, or office if the commission needs assistance to perform the commission's duties. The agency, department, or office shall provide the requested assistance.

Sec. 320A.058. EXPENSES. The operating expenses of the commission shall be paid from available funds of the office of the governor and the contingent expense funds of the senate and the house of representatives, as agreed by those entities. The commission members are entitled to reimbursement from those funds for expenses incurred by the members in implementing this chapter.

SUBCHAPTER C. POWERS AND DUTIES OF COMMISSION

Sec. 320A.101. DEVELOPMENT AND BIENNIAL MODIFICATION OF STATE AND LOCAL TAX PREFERENCE REVIEW SCHEDULE. (a) The commission 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 six-year period; and

(3) specifically identify on the schedule:

(A) each of the tax preferences the commission must review for purposes of the next report due under Section 320A.153;

(B) any tax preference described by Paragraph (A) that reduces by less than one-fourth of one percent the total revenue derived from the tax to which the tax preference applies and that the commission recommends for an abbreviated review; and

(C) the components of the review specified by Section 320A.104 that the commission recommends are unnecessary with respect to a tax preference recommended for an abbreviated

review.

(b) In developing the schedule, the commission shall schedule the tax preferences for review in the order in which the tax preferences were enacted or authorized.

(c) The commission shall revise the schedule biennially only to:

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

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

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

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

Sec. 320A.102. PUBLIC COMMENT. The commission shall provide a process by which the public may comment on the state and local tax preference review schedule under Section 320A.101. The commission shall consider those comments in developing or revising the schedule.

Sec. 320A.103. COMPLETION OF SCHEDULE. The state and local tax preference review schedule must be completed not later than December 1 of each odd-numbered year.

Sec. 320A.104. PERIODIC REVIEW OF STATE AND LOCAL TAX PREFERENCES. The commission shall review each state tax preference and each type of local tax preference according to the state and local tax preference review schedule developed under Section 320A.101. In reviewing a tax preference, the commission shall:

(1) determine the intended purpose of the tax preference; and

(2) evaluate:

(A) whether the tax preference accomplishes its intended purpose;

(B) whether the intended purpose of the tax preference could be accomplished through a more cost-effective method; and

(C) the effect of the tax preference on economic development in this state.

SUBCHAPTER D. RECOMMENDATIONS REGARDING REVIEWED TAX PREFERENCES

Sec. 320A.151. PRELIMINARY REPORT. Not later than September 1 of each even-numbered year, the commission shall file a preliminary report on the reviews of tax preferences identified under Section 320A.101(a)(3)(A) with the senate finance committee and the house ways and means committee. The report must include drafts of any proposed legislation needed to implement the commission's recommendations.

Sec. 320A.152. REVIEW AND COMMENT. The senate finance committee and the house ways and means committee may review the preliminary report and proposed legislation and submit comments to the commission. Comments must be submitted not later than October 15 of each even-numbered year.

Sec. 320A.153. FINAL REPORT. (a) The commission may modify the preliminary report and proposed legislation in response to the comments received under Section 320A.152.

(b) Not later than December 1 of each even-numbered year, the commission shall provide to the governor and the presiding officers of the senate finance committee and the house ways and means committee a final report on the reviews of tax preferences identified under Section 320A.101(a)(3)(A) and proposed legislation necessary to implement the commission's recommendations.

Sec. 320A.154. PUBLIC HEARING ON FINAL REPORT. The senate finance committee and the house ways and means committee shall hold a joint public hearing on the final report and proposed legislation provided under Section 320A.153.

(b) The lieutenant governor and the speaker of the house of representatives shall appoint the initial members of the select commission on periodic tax preference review not later than January 5, 2020. Notwithstanding Section 320A.052, Government Code, as added by this section, the terms of the initial members of the commission expire December 31, 2020.

(c) Notwithstanding Section 320A.103, Government Code, as added by this section, the select commission on periodic tax

preference review shall submit:

(1) the initial state and local tax preference review schedule required by that section not later than January 15, 2020;

(2) the initial preliminary report required by Section 320A.151, Government Code, as added by this section, not later than September 1, 2020; and

(3) the initial final report required by Section 320A.153, Government Code, as added by this section, not later than December 1, 2020.