Amend Second Reading Floor Amendment No. 1 to **CSSB 2** as follows:

(1) In the recital to SECTION 25 of the bill (page 20, line 7), strike "Subdivision (19)" and substitute "Subdivisions (10-a), (10-b), and (19)".

(2) In SECTION 25 of the bill, in amended Section 26.012, Tax Code, between Subdivisions (10) and (19) of that section (page 20, between lines 12 and 13), insert the following:

(10-a) "Government consumption expenditures index" means the state and local government consumption expenditures index as calculated by the Bureau of Economic Analysis of the United States Department of Commerce.

(10-b) "Inflation rate" means the amount, expressed in decimal form rounded to the nearest hundredth, computed by determining the average annual percentage change in the government consumption expenditures index over the preceding four-year period. If the amount is a negative number, the amount is considered to be zero.

(3) In the recital to SECTION 27 of the bill (page 20, line 30), strike "Subsections (c-1)" and substitute "Subsections (b-1), (c-1)".

(4) In SECTION 27 of the bill, in amended Section 26.04, Tax Code, between Subsections (b) and (c) of that section (page 21, between lines 13 and 14), insert the following:

(b-1) By January 1 or as soon thereafter as practicable, the comptroller shall determine the inflation rate for the current year and publish the rate in the Texas Register.

(5) In SECTION 27 of the bill, strike added Section 26.04(c)(2)(B), Tax Code (page 22, lines 4-7), and substitute the following:

(B) for a taxing unit other than a small taxing unit:

VOTER-APPROVED TAX RATE = [NO-NEW-REVENUE MAINTENANCE
AND OPERATIONS RATE x (1.035 + INFLATION RATE)] +
CURRENT DEBT RATE

(6) In SECTION 27 of the bill, in amended Section 26.041(a), Tax Code (page 14, lines 36-39), strike the formula for the

voter-approved tax rate for a taxing unit other than a small taxing unit and substitute the following:

VOTER-APPROVED TAX RATE FOR TAXING UNIT OTHER THAN SMALL TAXING UNIT = [NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE x (1.035 + INFLATION RATE)] + CURRENT DEBT RATE - SALES TAX GAIN RATE

(7)   In SECTION 28 of the bill, in amended Section 26.041(b), Tax Code (page 31, lines 1-5), strike the formula for the voter-approved tax rate for a taxing unit other than a small taxing unit and substitute the following:

VOTER-APPROVED TAX RATE FOR TAXING UNIT OTHER THAN SMALL TAXING UNIT = [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x (1.035 + INFLATION RATE)) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + (CURRENT DEBT RATE - SALES TAX REVENUE RATE)

(8)   In SECTION 28 of the bill, in amended Section 26.041(c), Tax Code (page 31, lines 29-31, page 32, line 1), strike the formula for the voter-approved tax rate for a taxing unit other than a small taxing unit and substitute the following:

VOTER-APPROVED TAX RATE FOR TAXING UNIT OTHER THAN SMALL TAXING UNIT = [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x (1.035 + INFLATION RATE)) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + CURRENT DEBT RATE

(9)   In SECTION 34 of the bill, in added Section 26.0446(a), Tax Code (page 37, line 20), strike "3.5 percent" and substitute "the sum of 3.5 percent and the inflation rate".

(10)   In SECTION 42 of the bill, in added Section 26.08(b-1), Tax Code (page 59, line 29), strike "3.5 percent" and substitute "the sum of 3.5 percent and the inflation rate".

(11)   In SECTION 42 of the bill, in amended Section 26.08(n), Tax Code (page 62, line 6), strike "1.025" and substitute "the sum of 1.035 and the inflation rate".

(12)   In SECTION 79 of the bill, in amended Section 49.236(a)(3), Water Code (page 98, line 24), strike "3.5 [eight] percent" and substitute "the sum of 3.5 [eight] percent and the inflation rate".

(13) In SECTION 79 of the bill, in amended Section 49.236(d), Water Code (page 99, line 21), strike "1.035 [1.08] times" and substitute "[1.08 times]".

(14) In SECTION 79 of the bill, in amended Section 49.236(d), Water Code (page 99, line 26), between "older" and the period, insert ", multiplied by the sum of 1.035 and the inflation rate, as defined by Section 26.012, Tax Code".