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HOUSE OF REPRESENTATIVES

BY: Dutton

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

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

4 SECTION \_\_\_\_\_. (a) Subtitle B, Title 3, Government Code, is  
5 amended by adding Chapter 320A to read as follows:

6 CHAPTER 320A. REVIEW OF STATE AND LOCAL TAX PREFERENCES

7 SUBCHAPTER A. GENERAL PROVISIONS

8 Sec. 320A.001. DEFINITIONS. In this chapter:

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

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

17 SUBCHAPTER B. SELECT COMMISSION ON PERIODIC TAX PREFERENCE REVIEW

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

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

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

24 (3) the comptroller.

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

27 Sec. 320A.053. VACANCY. If a vacancy occurs, the  
28 individual who originally appointed the vacating member or the  
29 individual's successor shall appoint an individual to fill the

1 vacancy for the remainder of the unexpired term.

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

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

8 Sec. 320A.055. MEETINGS. The commission shall meet at the  
9 call of the chair.

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

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

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

26 SUBCHAPTER C. POWERS AND DUTIES OF COMMISSION

27 Sec. 320A.101. DEVELOPMENT AND BIENNIAL MODIFICATION OF  
28 STATE AND LOCAL TAX PREFERENCE REVIEW SCHEDULE. (a) The commission  
29 shall:

30 (1) identify each state tax preference and each type  
31 of local tax preference;

1           (2) develop a state and local tax preference review  
2 schedule under which each identified tax preference is reviewed  
3 once during each six-year period; and

4           (3) specifically identify on the schedule:

5                   (A) each of the tax preferences the commission  
6 must review for purposes of the next report due under Section  
7 320A.153;

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

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

16           (b) In developing the schedule, the commission shall  
17 schedule the tax preferences for review in the order in which the  
18 tax preferences were enacted or authorized, except that the  
19 commission may schedule the initial review of a tax preference that  
20 has an expiration date for any date the commission determines is  
21 appropriate.

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

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

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

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

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

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

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

11           Sec. 320A.104. PERIODIC REVIEW OF STATE AND LOCAL TAX  
12 PREFERENCES. The commission shall review each state tax preference  
13 and each type of local tax preference according to the state and  
14 local tax preference review schedule developed under Section  
15 320A.101. In reviewing a tax preference, the commission shall:

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

18           (2) evaluate:

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

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

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

26 SUBCHAPTER D. RECOMMENDATIONS REGARDING REVIEWED TAX PREFERENCES

27           Sec. 320A.151. PRELIMINARY REPORT. Not later than  
28 September 1 of each even-numbered year, the commission shall file a  
29 preliminary report on the reviews of tax preferences identified  
30 under Section 320A.101(a)(3)(A) with the senate finance committee  
31 and the house ways and means committee. The report must include

1 drafts of any proposed legislation needed to implement the  
2 commission's recommendations.

3 Sec. 320A.152. REVIEW AND COMMENT. The senate finance  
4 committee and the house ways and means committee may review the  
5 preliminary report and proposed legislation and submit comments to  
6 the commission. Comments must be submitted not later than October  
7 15 of each even-numbered year.

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

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

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

22 SUBCHAPTER E. EXPIRATION OF TAX PREFERENCES

23 Sec. 320A.201. EXPIRATION; REQUIRED STATEMENT. (a) A tax  
24 preference included in a final report expires on the second  
25 anniversary of the date the final report is submitted under Section  
26 320A.153(b) unless reauthorized by law.

27 (b) Each tax preference enacted or reauthorized by an act of  
28 the legislature that becomes law on or after September 1, 2020, must  
29 state the expiration date of the preference and provide that the  
30 preference expires on that date. The expiration date may not be  
31 later than the sixth anniversary of the effective date of the law

1 enacting or reauthorizing the tax preference.

2 (c) A tax preference to which Subsection (b) applies that  
3 does not include the provision required by that subsection expires  
4 on the sixth anniversary of the effective date of the law enacting  
5 or reauthorizing the preference.

6 (b) The lieutenant governor and the speaker of the house of  
7 representatives shall appoint the initial members of the select  
8 commission on periodic tax preference review not later than January  
9 5, 2020. Notwithstanding Section 320A.052, Government Code, as  
10 added by this section, the terms of the initial members of the  
11 commission expire December 31, 2020.

12 (c) Notwithstanding Section 320A.103, Government Code, as  
13 added by this section, the select commission on periodic tax  
14 preference review shall submit:

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

17 (2) the initial preliminary report required by Section  
18 320A.151, Government Code, as added by this section, not later than  
19 September 1, 2020; and

20 (3) the initial final report required by Section  
21 320A.153, Government Code, as added by this section, not later than  
22 December 1, 2020.

23 (d) This section takes effect only if the constitutional  
24 amendment proposed by the 86th Legislature, Regular Session, 2019,  
25 requiring the legislature to provide for a periodic review of state  
26 and local tax preferences and providing for the expiration of  
27 certain tax preferences after six years, or at another time  
28 prescribed by the legislature, unless reauthorized by law is  
29 approved by the voters. If that amendment is not approved by the  
30 voters, this section has no effect.