

Amend Amendment No. 1 by Middleton to **CSSB 8** as follows:

(1) Strike page 1, line 18 of the amendment and substitute the following:

extent the grants are not prohibited by other law.

(2) Strike page 1, lines 24 and 25 of the amendment and substitute the following:

reduce grant awards provided under this section by the amount of any direct federal aid received by the grantee and that the amount of each authorized grant awarded,

(3) On page 2 of the amendment, immediately following line 2, add the following:

(d) Notwithstanding any other law, on a report originally due on or after January 1, 2022, under Chapter 171, Tax Code, a taxable entity, as defined by Section 171.0002, Tax Code:

(1) shall exclude from its total revenue, to the extent included under Section 171.1011(c)(1)(A), (c)(2)(A), or (c)(3), Tax Code, grant proceeds awarded under this section;

(2) may include as a cost of goods sold under Section 171.1012, Tax Code, any expense paid using grant proceeds awarded under this section to the extent the expense is otherwise includable as a cost of goods sold under Section 171.1012, Tax Code; and

(3) may include as compensation under Section 171.1013, Tax Code, any expense paid using grant proceeds to the extent the expense is otherwise includable as compensation under that section.