

# HOUSE JOURNAL

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SEVENTY-NINTH LEGISLATURE, REGULAR SESSION

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## PROCEEDINGS

THIRTIETH DAY (CONTINUED) — THURSDAY, MARCH 10, 2005

The house met at 10 a.m. and was called to order by the speaker.

The roll of the house was called and a quorum was announced present (Record 94).

Present — Mr. Speaker; Allen, A.; Allen, R.; Alonzo; Anchia; Anderson; Bailey; Baxter; Berman; Blake; Bohac; Bonnen; Branch; Brown, B.; Brown, F.; Burnam; Callegari; Campbell; Casteel; Castro; Chavez; Chisum; Coleman; Cook, B.; Cook, R.; Corte; Crabb; Crownover; Davis, J.; Davis, Y.; Dawson; Delisi; Denny; Deshotel; Driver; Dukes; Dunnam; Dutton; Edwards; Eiland; Eissler; Elkins; Escobar; Farabee; Farrar; Flores; Flynn; Frost; Gallego; Gattis; Geren; Giddings; Gonzales; Gonzalez Toureilles; Goodman; Goolsby; Griggs; Grusendorf; Guillen; Haggerty; Hamilton; Hamric; Hardcastle; Harper-Brown; Hartnett; Hegar; Herrero; Hilderbran; Hill; Hochberg; Hodge; Homer; Hope; Hopson; Howard; Hughes; Hunter; Hupp; Isett; Jackson; Jones, D.; Jones, J.; Keel; Keffer, B.; Keffer, J.; King, P.; King, T.; Kolkhorst; Krusee; Kuempel; Laney; Laubenberg; Leibowitz; Luna; Madden; Martinez; Martinez Fischer; McCall; McClendon; McReynolds; Menendez; Merritt; Miller; Moreno, J.; Moreno, P.; Morrison; Mowery; Naishtat; Nixon; Noriega, M.; Oliveira; Olivo; Orr; Otto; Paxton; Peña; Phillips; Pickett; Pitts; Puente; Quintanilla; Raymond; Reyna; Riddle; Ritter; Rodriguez; Rose; Seaman; Smith, T.; Smith, W.; Smithee; Solis; Solomons; Strama; Straus; Swinford; Talton; Taylor; Thompson; Truitt; Turner; Uresti; Van Arsdale; Veasey; Villarreal; Vo; West; Wong; Woolley; Zedler.

The invocation was offered by Reverend Gilberto Velez, M.D., M.P.H., Iglesia Cristiana Misericordia - Assemblies of God, Laredo, as follows:

Ladies and gentlemen and the Honorable Representative Richard Raymond. Thank you for the honor granted to me to offer the invocation this 79th session of this house of representatives. Please bow with me in prayer at this time.

Gracious and almighty God, we humbly come before your presence seeking your guidance, wisdom, knowledge, and truth. We ask that you be with this group of legislators as they gather to work and deliberate together. Please assist each member of this house with wisdom and discernment in leading this great State of Texas, that they may be able to open their eyes to those areas of need presented in our communities.

Lord, give them a great sense of justice so they may be able to create more laws that guarantee the permanency of our moral principles. Give this legislature the boldness to protect the sacred institution of the family in its original version.

Bless them with health and prosperity as they face the challenges of providing us with security and wellness. Finally, we ask your blessing to be with each member and their families that are shared with the people of Texas. God bless Texas, God bless America, and God bless the President of the United States of America. Amen.

The speaker recognized Representative Raymond who led the house in the pledges of allegiance to the United States and Texas flags.

### **CAPITOL PHYSICIAN**

The speaker recognized Representative Driver who presented Dr. C. Tim Lambert of Garland as the "Doctor for the Day."

The house welcomed Dr. Lambert and thanked him for his participation in the Physician of the Day Program sponsored by the Texas Academy of Family Physicians.

(Miller in the chair)

### **HCR 70 - ADOPTED (by Hilderbran)**

Representative Hilderbran moved to suspend all necessary rules to take up and consider at this time **HCR 70**.

The motion prevailed.

The following resolution was laid before the house:

**HCR 70**, Honoring the 100th anniversary of the first H-E-B store in Kerrville.

**HCR 70** was read and was adopted.

### **HR 657 - ADOPTED (by Villarreal and McClendon)**

Representative Villarreal moved to suspend all necessary rules to take up and consider at this time **HR 657**.

The motion prevailed.

The following resolution was laid before the house:

**HR 657**, Recognizing March 10, 2005, as H-E-B Celebration 100 Day in Texas.

**HR 657** was adopted.

On motion of Representative Hope, the names of all the members of the house were added to **HR 657** as signers thereof.

### **INTRODUCTION OF GUEST**

The chair recognized Representative Villarreal who introduced Judy Lindquist, general counsel for H-E-B.

**HR 683 - ADOPTED**  
**(by Hardcastle)**

Representative Hardcastle moved to suspend all necessary rules to take up and consider at this time **HR 683**.

The motion prevailed.

The following resolution was laid before the house:

**HR 683**, Recognizing March 10, 2005, as Gainesville Day at the State Capitol.

**HR 683** was adopted.

**HR 672 - ADOPTED**  
**(by Dukes)**

Representative Dukes moved to suspend all necessary rules to take up and consider at this time **HR 672**.

The motion prevailed.

The following resolution was laid before the house:

**HR 672**, Honoring Pilgrim Rest Primitive Baptist Church in Austin on its 85th anniversary.

**HR 672** was read and was adopted.

**HR 673 - ADOPTED**  
**(by Dukes)**

Representative Dukes moved to suspend all necessary rules to take up and consider at this time **HR 673**.

The motion prevailed.

The following resolution was laid before the house:

**HR 673**, Recognizing Black Church Week of Prayer for the Healing of AIDS, March 6-12, 2005.

**HR 673** was read and was adopted.

**HR 715 - ADOPTED**  
**(by Zedler and Goodman)**

Representative Zedler moved to suspend all necessary rules to take up and consider at this time **HR 715**.

The motion prevailed.

The following resolution was laid before the house:

**HR 715**, Recognizing March 10, 2005, as Mansfield Day at the State Capitol.

**HR 715** was read and was adopted.

(Edwards in the chair)

**REMARKS BY THE HONORABLE RICK NORIEGA**

The chair recognized the Honorable Rick Noriega who was on leave from active military duty in Afghanistan during which time his wife, Melissa Noriega, has been serving as temporary acting representative for District 145.

Thank you, Mr. Speaker and members. On behalf of our family I'd just like to personally thank the leadership and each and every member of this body for all their support, their love, their well wishes that we have experienced since this last June. Being where we've been it certainly helps you to put your priorities in order and what's important in life.

And I tell you, yesterday I had the opportunity to go visit my eldest son at College Station, Representative Brown, and drive on Highway 21 from Bryan to here and along 290. For some reason it never occurred to me how beautiful that drive is. For some reason our time away, as I've mentioned, has made things much clearer to me about those things that are important in life. I was thinking about Representative Griggs from House District 91, whose district also represents Psalms 91, which is the Soldier's Psalm that my father prays everyday. And it works.

And, as I mentioned, I want to thank the leadership in this body for supporting us on the selection of my temporary replacement. It sure made me look smart with the person I selected. I was talking to the speaker in the back, and they are looking at ways to see how they can keep her in lieu of me. And I know that District 145 wouldn't suffer a bit, but, again, from the bottom of our hearts I'd like to thank all of you.

In addition, I'd like for everyone to know in our great state what a humbling privilege it is to be able to serve with the men and women, especially from our great state, the Texans—the men and women that are sacrificing everyday being away from their family, from their children. When Melissa has emailed me that the dog was run-over or my son broke his elbow and having challenges trying to get healthcare when she was sick—and we have support systems of how challenging it is for our men and women and their families from Texas who have to try to get healthcare for their family members. Y'all be very, very proud of the men and women from our great state that are serving. Thank each and every one of you from the bottom of my heart.

**REMARKS ORDERED PRINTED**

Representative Hegar moved to print remarks by the Honorable Rick Noriega.

The motion prevailed.

**HR 716 - ADOPTED  
(by Luna and Seaman)**

Representative Luna moved to suspend all necessary rules to take up and consider at this time **HR 716**.

The motion prevailed.

The following resolution was laid before the house:

**HR 716**, Recognizing the members and alumni of Leadership Corpus Christi.

**HR 716** was read and was adopted.

**HR 216 - ADOPTED**  
**(by Casteel)**

Representative Casteel moved to suspend all necessary rules to take up and consider at this time **HR 216**.

The motion prevailed.

The following resolution was laid before the house:

**HR 216**, Honoring the life of Marine Lance Corporal Tony Leigh Hernandez of Canyon Lake.

**HR 216** was read and was unanimously adopted by a rising vote.

On motion of Representative Chisum, the names of all the members of the house were added to **HR 216** as signers thereof.

**INTRODUCTION OF GUESTS**

The chair recognized Representative Casteel who introduced the family of Lance Corporal Tony Leigh Hernandez.

**MESSAGE FROM THE SENATE**

A message from the senate was received at this time (see the addendum to the daily journal, Messages from the Senate, Message No. 1).

**HR 630 - ADOPTED**  
**(by Berman)**

Representative Berman moved to suspend all necessary rules to take up and consider at this time **HR 630**.

The motion prevailed.

The following resolution was laid before the house:

**HR 630**, In memory of A. D. Clark, Jr., of Tyler.

**HR 630** was read and was unanimously adopted by a rising vote.

On motion of Representative Miller, the names of all the members of the house were added to **HR 630** as signers thereof.

**HR 698 - ADOPTED**  
**(by Miller)**

Representative Miller moved to suspend all necessary rules to take up and consider at this time **HR 698**.

The motion prevailed.

The following resolution was laid before the house:

**HR 698**, Recognizing March 10, 2005, as Mills County Day at the Capitol.

**HR 698** was read and was adopted.

**HR 693 - ADOPTED**

**(by Alonzo, Goolsby, Hodge, Escobar, Gallego, et al.)**

Representative Alonzo moved to suspend all necessary rules to take up and consider at this time **HR 693**.

The motion prevailed.

The following resolution was laid before the house:

**HR 693**, Honoring Representative Irma Rangel and the Irma Lerma Rangel Young Women's Leadership School in Dallas.

**HR 693** was read and was adopted.

On motion of Representative Castro, the names of all the members of the house were added to **HR 693** as signers thereof.

**HR 626 - ADOPTED**

**(by Castro)**

Representative Castro moved to suspend all necessary rules to take up and consider at this time **HR 626**.

The motion prevailed.

The following resolution was laid before the house:

**HR 626**, Honoring Al and Martha Ann McHenry of San Antonio on the occasion of their 50th wedding anniversary.

**HR 626** was read and was adopted.

(Speaker in the chair)

**LEAVE OF ABSENCE GRANTED**

The following member was granted leave of absence for the remainder of today because of illness:

West on motion of Farabee.

**COMMITTEE MEETING ANNOUNCEMENTS**

The following committee meetings were announced:

Pensions and Investments, upon lunch recess today, Desk 41, for a formal meeting, to consider pending business.

County Affairs, upon lunch recess today, Desk 1, for a formal meeting, to consider pending business.

Public Health is cancelled.

Corrections, upon lunch recess today, Desk 50, for a formal meeting, to consider pending business.

Elections, upon lunch recess today, Desk 58, for a formal meeting, to consider pending business.

### RECESS

At 11:29 a.m., the speaker announced that the house would stand recessed until 2 p.m. today.

### AFTERNOON SESSION

The house met at 2 p.m. and was called to order by the speaker.

### EMERGENCY CALENDAR

#### HOUSE BILLS

#### SECOND READING

The following bills were laid before the house and read second time:

#### CSHB 3 ON SECOND READING

(by J. Keffer and Grusendorf)

**CSHB 3**, A bill to be entitled An Act relating to property tax relief and protection of taxpayers, taxes and fees, and other matters relating to the financing of public schools; providing civil and criminal penalties.

#### CSHB 3 - DEBATE

REPRESENTATIVE Y. DAVIS: Mr. Speaker, will the gentleman yield for a question?

MR. SPEAKER: Do you yield, Mr. Keffer?

REPRESENTATIVE J. KEFFER: Certainly.

MR. SPEAKER: The gentleman yields.

Y. DAVIS: Chairman Keffer, I'd like to ask a couple questions, but just before I start with mine, I wanted to get some clarity on what you responded to Representative Gallego relative to **CSHB 3** and **CSHB 2**. Is there any correlation with this bill to fund any part of **CSHB 2** we did yesterday?

J. KEFFER: The funding going to a dollar—that mechanism is to fund that—the funding is in **CSHB 3** of the property tax reduction.

Y. DAVIS: But none for education, right?

J. KEFFER: All **CSHB 3** is, is funding for the property tax reduction.

Y. DAVIS: I just want to be clear that I heard that this bill has nothing to do with funding the education components of **CSHB 2**. Is that correct?

J. KEFFER: I mean yeah, it's funding general revenue for the future.

Y. DAVIS: But, I mean, relative to what we did yesterday a lot of times there was dialogue that associated **CSHB 3** as the funding mechanism for **CSHB 2**, and I want to be clear that you're saying no, **CSHB 3** is a property tax reduction and it has no funding association with **CSHB 2**'s education reform. Is that correct?

J. KEFFER: That's right. We are of course helping fund our greater percentage now that we have come up—that, we are going to do—and trying to have less dependence on property taxes to fund our schools.

Y. DAVIS: But I wanted to make sure that delineation was established. Now back to your amendment that we're talking about; you said the amendment only deals with the reformed franchise tax, is that correct?

J. KEFFER: The amendment we were talking about with Mr. Gallego, that is correct.

Y. DAVIS: And I'm wondering, how are we to determine what amount of money is going to be raised by this amendment? Do we know what that number is in terms of revenue? I think Mr. Gallego asked you, how do we measure what that is?

J. KEFFER: Out of the \$5.4 billion, you're wondering how much the reform franchise tax would bring in?

Y. DAVIS: Yes.

J. KEFFER: We're figuring around 3.5 percent.

Y. DAVIS: Okay, and that's based on what mixture? You said people could mix. The businesses—

J. KEFFER: They could choose. They could choose—capital intensive may go the compensation route. Your high labor, low profit might go the retained earnings route. You know—

Y. DAVIS: I just want to be clear about it. Right now the franchise reform tax is often referred to as the job tax, right? We're taxing jobs. And so if—

J. KEFFER: Taxing is wage based.

Y. DAVIS: Okay, wages, okay. If we do that, what percentage as you look at your amendment, or substitute, what percentage can you calculate? Or what comes from that—that part of the bill for the revenue? I'm assuming you said they would have a menu to select in terms of what—

J. KEFFER: Do I know what percentage of companies?

Y. DAVIS: Which one? You had to use some type of—you have to develop some kind of formula that would suggest what the mixture will be to give you the number you're trying to get. And I'm just trying to wonder, when we talk about the substitute—we have an amendment, and to the extent those amendments are being looked at in terms of. If they provide a revenue neutral number, we need to know the assumptions you make of the mixture—

J. KEFFER: Okay, I understand. I understand. The assumptions are, Yvonne, is that we are still raising \$3.5 billion total in the reform franchise tax.

Y. DAVIS: In that reform franchise tax, whatever you do, we're talking about \$2.5 billion. Is that what you're saying? Per year?

J. KEFFER: Per year, right.



Y. DAVIS: And the other question I have relative to that as it relates to the mixture, does that mixture eliminate existing franchise tax?

J. KEFFER: No, under the new situation, you'll have the new franchise tax as it is today, and we'll be adding the compensation component that we are working on. Now it's going to be a three-choice situation for any business entity.

Y. DAVIS: And I think you mentioned in this new franchise format you were closing the loopholes, right?

J. KEFFER: Yes.

Y. DAVIS: And the closing of Jeffrey and Delaware, what number do we get from them? What does that generate?

J. KEFFER: Oh, I think I've heard anywhere from \$4 to \$5 million, something like that.

Y. DAVIS: So if we have amendments, we need to think about that being a \$400 or \$500 million number, is that correct?

J. KEFFER: As far as I've heard.

Y. DAVIS: If we do, I'm just trying to understand my amendment. Does my amendment need to reflect the entire amount that you have in terms of this menu? It's got to be 2.5, right? Billion, is that correct?

J. KEFFER: No, I'm sorry, did you say two or three? Three point five in the reform?

Y. DAVIS: So, it's three?

J. KEFFER: Yes ma'am. I'm sorry, I misunderstood you.

Y. DAVIS: And can you tell me, is that what the original—it's 3.5?

J. KEFFER: Yes ma'am

Y. DAVIS: Okay, when are we going to see this amendment?

J. KEFFER: Soon, I hope.

Y. DAVIS: Okay, but it's currently being drafted, is that the deal?

J. KEFFER: I'm sorry, what?

Y. DAVIS: I'm just trying to figure out where it is in terms of—

J. KEFFER: It should be anytime.

Y. DAVIS: Okay.

J. KEFFER: Stay tuned.

Y. DAVIS: Thank you.

#### **REMARKS ORDERED PRINTED**

Representative Y. Davis moved to print remarks between Representative J. Keffer and Representative Y. Davis.

The motion prevailed.

### LEAVE OF ABSENCE GRANTED

The following member was granted leave of absence for the remainder of today to attend a funeral:

Laney on motion of Blake.

### CSHB 3 - (consideration continued)

### CSHB 3 - RULES SUSPENDED

Representative Dunnam moved to suspend all necessary rules to allow any original amendment on **CSHB 3** to be filed at any time, regardless of the Committee on Calendars Rule for consideration of **CSHB 3** that was adopted on Tuesday, March 8.

A record vote was requested.

The motion prevailed by (Record 95): 145 Yeas, 0 Nays, 1 Present, not voting.

Yeas — Allen, A.; Allen, R.; Alonzo; Anchia; Anderson; Bailey; Baxter; Berman; Blake; Bohac; Bonnen; Branch; Brown, B.; Brown, F.; Burnam; Callegari; Campbell; Casteel; Castro; Chavez; Chisum; Coleman; Cook, B.; Cook, R.; Corte; Crabb; Crownover; Davis, J.; Davis, Y.; Dawson; Delisi; Denny; Deshotel; Driver; Dukes; Dunnam; Dutton; Edwards; Eiland; Eissler; Elkins; Escobar; Farabee; Farrar; Flores; Flynn; Frost; Gallego; Gattis; Geren; Giddings; Gonzales; Gonzalez Tourelles; Goodman; Goolsby; Griggs; Grusendorf; Guillen; Haggerty; Hamilton; Hamric; Hardcastle; Harper-Brown; Hartnett; Hegar; Herrero; Hilderbran; Hochberg; Hodge; Homer; Hope; Hopson; Howard; Hughes; Hunter; Hupp; Isett; Jackson; Jones, D.; Jones, J.; Keel; Keffer, B.; Keffer, J.; King, P.; King, T.; Kolkhorst; Krusee; Kuempel; Laubenberg; Leibowitz; Luna; Madden; Martinez; Martinez Fischer; McCall; McClendon; McReynolds; Menendez; Merriitt; Miller; Moreno, J.; Moreno, P.; Morrison; Naishtat; Nixon; Noriega, M.; Oliveira; Olivo; Orr; Otto; Paxton; Peña; Phillips; Pickett; Pitts; Puente; Quintanilla; Raymond; Reyna; Riddle; Ritter; Rodriguez; Rose; Seaman; Smith, T.; Smith, W.; Smithee; Solis; Solomons; Strama; Straus; Swinford; Talton; Taylor; Thompson; Truitt; Turner; Uresti; Van Arsdale; Veasey; Villarreal; Vo; Wong; Woolley; Zedler.

Present, not voting — Mr. Speaker(C).

Absent, Excused — Laney; West.

Absent — Hill; Mowery.

### Amendment No. 1

Representative J. Keffer offered the following amendment to **CSHB 3**:

Amend Floor Amendment No. \_\_\_ by \_\_\_\_\_ to **CSHB 3** by striking all the language of the amendment and substituting the following:

Amend **CSHB 3** as follows:

(1) On page 17, strike lines 12-20 and substitute:

Sec. 251.006. ELECTION OF TAXES. (a) Notwithstanding Sections 251.004 and 251.005, a business may elect to pay the tax imposed under this chapter or the tax imposed under Chapter 171. A business that does not have any employees in this state may not elect to pay the tax under this chapter.

(b) The commission, in cooperation with the comptroller, shall promulgate a form for a business to use to make an election under this section.

(c) The election cannot be changed until after the third anniversary of the date the election is made.

Sec. 251.0061. BUSINESSES WITHOUT EMPLOYEES IN THIS STATE. This chapter does not apply to a business that does not have any employees in this state and the business may not elect under Section 251.006 to pay the tax under this chapter.

Sec. 251.0062. EMPLOYEES. An individual is an employee of a business for purposes of this chapter if the business has a right to direct and control

(2) On page 19, strike lines 2-4 and substitute:

Sec. 251.008. RATE; MINIMUM TAX. (a) The rate of the tax for a corporation that was subject to the franchise tax under Chapter 171 on the effective date of this chapter is equal to the greater of:

(1) 1.15 percent of the base amount of wages for each employee as determined under Section 251.007; or

(2) the amount of the franchise tax paid by the corporation in 2005.

(b) The rate of the tax for an entity other than a corporation is equal to the greater of:

(1) 1.15 percent of the base amount of wages for each employee as determined under Section 251.007; or

(2) 0.50 percent of net taxable earned surplus, as determined under rules adopted by the commission.

(3) Strike SECTIONS 2.02 and 2.03 (page 22, line 13 through page 24, line 26) and substitute:

SECTION 2.021. Section 171.001(a), Tax Code, is amended to read as follows:

(a) Subject to Section 171.0012, a ~~[A]~~ franchise tax is imposed on:

(1) each corporation that does business in this state or that is chartered in this state; and

(2) each limited liability company that does business in this state or that is organized under the laws of this state.

SECTION 2.022. Section 171.001(b) (3), Tax Code, is amended to read as follows:

(3) "Corporation" includes:

(A) a limited liability company, as defined under the Texas Limited Liability Company Act;

(B) a savings and loan association; ~~and~~

(C) a banking corporation; and

(D) any other entity:

(i) that is operated for profit;

(ii) that is operating, organized, or registered under the laws of this state in a manner that provides liability limitations for a person who holds an ownership interest in the entity, including a partner's interest in a partnership;

(iii) in which any ownership interest is held by an entity other than a natural person, without regard to whether the person that is not a natural person is located in this state or is in any other manner doing business in this state; and

(iv) that has one or more employees in this state.

SECTION 2.023. Section 171.001, Tax Code, is amended by adding Subsection (d) to read as follows:

(d) For purposes of Subsection (a), a corporation does business in this state if the corporation is a foreign corporation and is:

(1) holding partnership interest, including interest as an assignee, as a general partner in a general partnership that is doing business in this state;

(2) holding partnership interest, including interest as an assignee, as a general partner in a limited partnership that is doing business in this state; or

(3) holding partnership interest, including interest as an assignee, as a limited partner in a limited partnership that is doing business in this state.

SECTION 2.024. Subchapter A, Chapter 171, is amended by adding Section 171.0012 to read as follows:

Sec. 171.0012. ELECTION OF TAXES. (a) A corporation may elect to pay the tax imposed under this chapter or the tax imposed under Chapter 251. A corporation that does not have any employees in this state and is otherwise subject to the tax imposed under this chapter must pay the tax imposed under this chapter.

(b) The comptroller, in cooperation with the Texas Workforce Commission, shall promulgate a form for a corporation to use to make an election under this section.

(c) The election cannot be changed until after the third anniversary of the date the election is made.

SECTION 2.025. Section 171.002 (d), Tax Code, is amended to read as follows:

(d) A corporation is subject to a minimum tax of \$50 [~~not required to pay any tax and is not considered to owe any tax~~] for a period if:

(1) the amount of tax computed for the corporation is less than \$50 [~~\$100~~]; or

(2) the amount of the corporation's gross receipts:

(A) from its entire business under Section 171.105 is less than \$150,000; and

(B) from its entire business under Section 171.1051, including the amount excepted under Section 171.1051(a), is less than \$150,000.

SECTION 2.026. Section 171.1032(c), Tax Code is amended to read as follows:

(c) A corporation shall include in its gross receipts computed under Subsection (a) the corporation's share of the gross receipts of each partnership and joint venture of which the corporation is a part, whether as a partner in the

partnership or joint venture doing business in this state or as a partner in a partnership or joint venture that itself is a partner in any additional partnership or joint venture doing business in this state, apportioned to this state as though the corporation directly earned the receipts, including receipts from business done with the corporation.

SECTION 2.027. Section 171.110, Tax Code, is amended by adding Subsections (m) and (n) to read as follows:

(m) Notwithstanding any other provision of this chapter, in determining net taxable earned surplus, payments to related entities for the following purposes are disallowed:

- (1) intellectual property;
- (2) interest charges; or
- (3) management fees.

(n) For the purpose of Subsection (m), the comptroller has the same power as the Internal Revenue Service under Section 482, Internal Revenue Code of 1986.

(R. Allen in the chair)

Amendment No. 1 was withdrawn.

## **Amendment No. 2**

Representatives Villarreal, J. Keffer, Hilderbran, and Martinez Fischer offered the following amendment to **CSHB 3**:

Floor Packet Page No. 106

Amend **CSHB 3** (House Committee Printing), in SECTION 2.01, by adding the following sections to Chapter 251, Tax Code, as added by that SECTION:

Sec. 251.0071. MAXIMUM AND MINIMUM AMOUNTS. (a) Notwithstanding any other provision of this chapter:

(1) the maximum amount a taxable business is required to pay under this chapter for a calendar quarter, regardless of the amount of wages paid to all employees for a calendar quarter, is equal to eight percent of net taxable earned surplus of the business for the quarter; and

(2) the minimum amount a taxable business is required to pay under this chapter for a calendar quarter, regardless of the amount of wages paid to all employees for a calendar quarter, is the greater of:

(1) 0.6 percent of the base amount of wages for each employee as determined under Section 251.007; or

(2) 4.5 percent of net taxable earned surplus of the business for the quarter.

(b) Net taxable earned surplus is computed for the purpose of Subsection (a) as provided by Sections 251.0072 through 251.0078.

Sec. 251.0072. DETERMINATION OF GROSS RECEIPTS FROM BUSINESS DONE IN THIS STATE FOR TAXABLE EARNED SURPLUS. (a) Except for the gross receipts of a taxable business that are subject to Section

251.0075, in apportioning taxable earned surplus, the gross receipts of a taxable business from its business done in this state is the sum of the taxable business's receipts from:

(1) each sale of tangible personal property if the property is delivered or shipped to a buyer in this state regardless of the FOB point or another condition of the sale, and each sale of tangible personal property shipped from this state to a purchaser in another state in which the seller is not subject to any tax on, or measured by, net income, without regard to whether the tax is imposed;

(2) each service performed in this state;

(3) each rental of property situated in this state;

(4) the use of a patent, copyright, trademark, franchise, or license in this state;

(5) each sale of real property located in this state, including royalties from oil, gas, or other mineral interests;

(6) each partnership or joint venture to the extent provided by Subsection (c); and

(7) other business done in this state.

(b) A taxable business shall deduct from its gross receipts computed under Subsection (a) any amount to the extent included under Subsection (a) because of the application of Section 78 or Sections 951-964, Internal Revenue Code, any amount excludable under Section 251.0076, and dividends received from a subsidiary, associate, or affiliated entity that does not transact a substantial portion of its business or regularly maintain a substantial portion of its assets in the United States.

(c) A taxable business shall include in its gross receipts computed under Subsection (a) the taxable business's share of the gross receipts of each partnership and joint venture of which the taxable business is a part apportioned to this state as though the taxable business directly earned the receipts, including receipts from business done with the taxable business.

(d) A taxable business that is a transportation company that transports goods or passengers by air shall include in its gross receipts computed under Subsection (a) any intrastate portion or leg of an interstate delivery or trip.

Sec. 251.0073. DETERMINATION OF GROSS RECEIPTS FROM ENTIRE BUSINESS FOR TAXABLE EARNED SURPLUS. (a) Except for the gross receipts of a taxable business that are subject to the provisions of Section 251.0075, in apportioning taxable earned surplus, the gross receipts of a taxable business from its entire business is the sum of the taxable business's receipts from:

(1) each sale of the taxable business's tangible personal property;

(2) each service, rental, or royalty;

(3) each partnership and joint venture as provided by Subsection (d); and

(4) other business.

(b) If a taxable business sells an investment or capital asset, the taxable business's gross receipts from its entire business for taxable earned surplus includes only the net gain from the sale.

(c) A taxable business shall deduct from its gross receipts computed under Subsection (a) any amount to the extent included in Subsection (a) because of the application of Section 78 or Sections 951-964, Internal Revenue Code, any amount excludable under Section 251.0076, and dividends received from a subsidiary, associate, or affiliated entity that does not transact a substantial portion of its business or regularly maintain a substantial portion of its assets in the United States.

(d) A taxable business shall include in its gross receipts computed under Subsection (a) the taxable business's share of the gross receipts of each partnership and joint venture of which the taxable business is a part.

Sec. 251.0074. APPORTIONMENT OF TAXABLE EARNED SURPLUS TO THIS STATE. (a) Except as provided by Subsections (b) and (c), a taxable business's taxable earned surplus is apportioned to this state to determine the business's maximum tax liability under Section 251.0071(a)(1) by multiplying the taxable earned surplus by a fraction, the numerator of which is the taxable business's gross receipts from business done in this state, as determined under Section 251.0072, and the denominator of which is the taxable business's gross receipts from its entire business, as determined under Section 251.0073.

(b) A taxable business's taxable earned surplus that is derived, directly or indirectly, from the sale of management, distribution, or administration services to or on behalf of a regulated investment company, including a taxable business that includes trustees or sponsors of employee benefit plans that have accounts in a regulated investment company, is apportioned to this state to determine the business's maximum tax liability under Section 251.0071(a)(1) by multiplying the taxable business's total taxable earned surplus from the sale of services to or on behalf of a regulated investment company by a fraction, the numerator of which is the average of the sum of shares owned at the beginning of the year and the sum of shares owned at the end of the year by the investment company shareholders who are commercially domiciled in this state or, if the shareholders are individuals, are residents of this state, and the denominator of which is the average of the sum of shares owned at the beginning of the year and the sum of shares owned at the end of the year by all investment company shareholders. The taxable business shall make a separate computation to allocate taxable capital and earned surplus. In this subsection, "regulated investment company" has the meaning assigned by Section 851(a), Internal Revenue Code.

(c) A taxable business's taxable earned surplus that is derived, directly or indirectly, from the sale of management, administration, or investment services to an employee retirement plan is apportioned to this state to determine the business's maximum tax liability under Section 251.0071(a)(1) by multiplying the taxable business's total taxable earned surplus from the sale of services to an employee retirement plan by a fraction, the numerator of which is the average of the sum of beneficiaries domiciled in Texas at the beginning of the year and the sum of beneficiaries domiciled in Texas at the end of the year, and the denominator of which is the average of the sum of all beneficiaries at the beginning of the year and the sum of all beneficiaries at the end of the year. In this section, "employee retirement plan" means a plan or other arrangement that is

qualified under Section 401(a), Internal Revenue Code, or satisfies the requirements of Section 403, Internal Revenue Code, or a governmental plan described in Section 414(d), Internal Revenue Code. The term does not include an individual retirement account or individual retirement annuity within the meaning of Section 408, Internal Revenue Code.

(d) A banking corporation shall exclude from the numerator of the bank's apportionment factor interest earned on federal funds and interest earned on securities sold under an agreement to repurchase that are held in this state in a correspondent bank that is domiciled in this state. In this subsection, "correspondent" has the meaning assigned by 12 C.F.R. Section 206.2(c).

(e) Receipts from services that a defense readjustment project performs in a defense economic readjustment zone are not receipts from business done in this state.

Sec. 251.0075. ALLOCATION OF CERTAIN TAXABLE EARNED SURPLUS TO THIS STATE. An item of income included in a taxable business's taxable earned surplus, except that portion derived from dividends and interest, that a state, other than this state, or a country, other than the United States, cannot tax because the activities generating that item of income do not have sufficient unitary connection with the taxable business's other activities conducted within that state or country under the United States Constitution is allocated to this state if the taxable business's commercial domicile is in this state. Income that can only be allocated to the state of commercial domicile because the income has insufficient unitary connection with any other state or country shall be allocated to this state or another state or country net of expenses related to that income. A portion of a taxable business's taxable earned surplus allocated to this state under this section may not be apportioned under Section 251.0076(a)(2).

Sec. 251.0076. DETERMINATION OF NET TAXABLE EARNED SURPLUS FOR PURPOSE OF MAXIMUM TAX. (a) The net taxable earned surplus of a taxable business for the purpose of determining the business's maximum tax liability under Section 251.0071(a)(1) is computed by:

(1) determining the taxable business's reportable federal taxable income, subtracting from that amount any amount excludable under Subsection (i), any amount included in reportable federal taxable income under Section 78 or Sections 951-964, Internal Revenue Code, and dividends received from a subsidiary, associate, or affiliated corporation that does not transact a substantial portion of its business or regularly maintain a substantial portion of its assets in the United States, and adding to that amount any compensation of officers or directors, or if a bank, any compensation of directors and executive officers, to the extent excluded in determining federal taxable income to determine the taxable business's taxable earned surplus;

(2) apportioning the taxable business's taxable earned surplus to this state as provided by Section 251.0074 to determine the taxable business's apportioned taxable earned surplus;

(3) adding the taxable business's taxable earned surplus allocated to this state as provided by Section 251.0075; and



(4) subtracting from that amount any allowable deductions and any business loss that is carried forward to the tax reporting period and deductible under Subsection (e).

(b) A corporation's reportable federal taxable income is the corporation's federal taxable income after Schedule C special deductions and before net operating loss deductions as computed under the Internal Revenue Code.

(c) Reportable federal taxable income for a partnership is an amount equal to the sum of:

(1) the partnership's income as an entity as determined under rules adopted by the commission using principles similar to the standards applied to a corporation; and

(2) 20 percent of partner earnings.

(d) Reportable federal taxable income for an entity other than a corporation or partnership is determined under rules adopted by the commission using principles similar to the standards applied to a corporation.

(e) For purposes of this section, a business loss is any negative amount after apportionment and allocation. The business loss shall be carried forward to the year succeeding the loss year as a deduction to net taxable earned surplus, then successively to the succeeding four taxable years after the loss year or until the loss is exhausted, whichever occurs first, but for not more than five taxable years after the loss year. A business loss can be carried forward only by the taxable business that incurred the loss and cannot be transferred to or claimed by any other entity, including the survivor of a merger if the loss was incurred by the taxable business that did not survive the merger.

(f) A taxable business may use either the "first in-first out" or "last in-first out" method of accounting to compute its net taxable earned surplus, but only to the extent that the taxable business used that method on its most recent federal income tax report originally due on or before the date on which the taxable business's franchise tax report is originally due.

(g) For purposes of this section, any person designated as an officer is presumed to be an officer if that person:

(1) holds an office created by the board of directors or under the corporate charter or bylaws; and

(2) has legal authority to bind the taxable business with third parties by executing contracts or other legal documents.

(h) A taxable business may rebut the presumption described in Subsection (g) that a person is an officer if it conclusively shows, through the person's job description or other documentation, that the person does not participate or have authority to participate in significant policy-making aspects of the corporate operations.

(i) Dividends and interest received from federal obligations are not included in earned surplus or gross receipts for earned surplus purposes.

(j) In this section:

(1) "Federal obligations" means:

(A) stocks and other direct obligations of, and obligations unconditionally guaranteed by, the United States government and United States government agencies; and

(B) direct obligations of a United States government-sponsored agency.

(2) "Obligation" means any bond, debenture, security, mortgage-backed security, pass-through certificate, or other evidence of indebtedness of the issuing entity. The term does not include a deposit, a repurchase agreement, a loan, a lease, a participation in a loan or pool of loans, a loan collateralized by an obligation of a United States government agency, or a loan guaranteed by a United States government agency.

(3) "United States government" means any department or ministry of the federal government, including a federal reserve bank. The term does not include a state or local government, a commercial enterprise owned wholly or partly by the United States government, or a local governmental entity or commercial enterprise whose obligations are guaranteed by the United States government.

(4) "United States government agency" means an instrumentality of the United States government whose obligations are fully and explicitly guaranteed as to the timely payment of principal and interest by the full faith and credit of the United States government. The term includes the Government National Mortgage Association, the Department of Veterans Affairs, the Federal Housing Administration, the Farmers Home Administration, the Export-Import Bank, the Overseas Private Investment Corporation, the Commodity Credit Corporation, the Small Business Administration, and any successor agency.

(5) "United States government-sponsored agency" means an agency originally established or chartered by the United States government to serve public purposes specified by the United States Congress but whose obligations are not explicitly guaranteed by the full faith and credit of the United States government. The term includes the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Farm Credit System, the Federal Home Loan Bank System, the Student Loan Marketing Association, and any successor agency.

Sec. 251.0077. GROSS RECEIPTS FOR TAXABLE EARNED SURPLUS. (a) For purposes of this section, "gross receipts" means all revenue reportable by a taxable business on its federal tax return, without deduction for the cost of property sold, materials used, labor performed, or other costs incurred, unless otherwise specifically provided in this chapter. "Gross receipts" does not include revenue that is not included in taxable earned surplus. For example, Schedule C special deductions and any amounts subtracted from reportable federal taxable income under Section 251.0076(a)(1) are not included in taxable earned surplus and therefore are not considered gross receipts.

(b) Except as otherwise provided by this section, a taxable business shall use the same accounting methods to apportion taxable earned surplus as used in computing reportable federal taxable income.

(c) A taxable business may not change its accounting methods used to calculate gross receipts more often than once every four years without the express written consent of the commission. A change in accounting methods is not justified solely because it results in a reduction of tax liability.

(d) A taxable business's share of a partnership's gross receipts that is included in the taxable business's federal taxable income must be used in computing the taxable business's gross receipts under this section. Unless otherwise provided by this chapter, a taxable business may not deduct costs incurred from the taxable business's share of a partnership's gross receipts. The gross receipts must be apportioned as though the taxable business directly earned them.

Sec. 251.0078. UNITARY BUSINESS ENTERPRISE. (a) Notwithstanding any other provision of this chapter, in determining the net taxable earned surplus of a taxable business under Section 251.0071, if the taxable business is part of a unitary business enterprise or has an ownership interest in a unitary business enterprise, the taxable business shall file a combined report based on the unitary business enterprise.

(b) The combined report must determine the net taxable earned surplus of the unitary business enterprise as if it were a single business entity.

(c) The taxable earned surplus shall be apportioned as otherwise provided under Section 251.0074, except that gross receipts shall be determined on the basis of the unitary business enterprise. Each taxable business that is part of the unitary business enterprise shall be jointly and severally liable for the net taxable earned surplus of the unitary business as so determined and apportioned.

(d) In this section, "unitary business enterprise" means a single economic enterprise that is made up of a commonly controlled group of business entities that are sufficiently interdependent, integrated, and interrelated through their activities so as to provide a synergy and mutual benefit that produces a sharing or exchange of value among them and a significant flow of value to the separate parts.

(e) The comptroller shall adopt rules to implement this section.

### **Amendment No. 3**

On behalf of Representative J. Keffer, Representative Otto offered the following amendment to Amendment No. 2:

Amend Floor Amendment No. 2 by J. Keffer to **CSHB 3** by striking all the language of the amendment and substituting the following:

Amend **CSHB 3** as follows:

(1) On page 17, strike lines 12-20 and substitute:

Sec. 251.006. ELECTION OF TAXES. (a) Notwithstanding Sections 251.004 and 251.005, a business may elect to pay the tax imposed under this chapter or the tax imposed under Chapter 171. A business that does not have any employees in this state may not elect to pay the tax under this chapter.

(b) The commission, in cooperation with the comptroller, shall promulgate a form for a business to use to make an election under this section.

(c) The election cannot be changed until after the third anniversary of the date the election is made.

Sec. 251.0061. BUSINESSES WITHOUT EMPLOYEES IN THIS STATE. This chapter does not apply to a business that does not have any employees in this state and the business may not elect under Section 251.006 to pay the tax under this chapter.

Sec. 251.0062. EMPLOYEES. An individual is an employee of a business for purposes of this chapter if the business has a right to direct and control

(2) On page 19, strike lines 2-4 and substitute:

Sec. 251.008. RATE; MINIMUM TAX. (a) The rate of the tax for a corporation that was subject to the franchise tax under Chapter 171 on the effective date of this chapter is equal to the greater of:

(1) 1.15 percent of the base amount of wages for each employee as determined under Section 251.007; or

(2) the amount of the franchise tax paid by the corporation in 2005.

(b) The rate of the tax for an entity other than a corporation is equal to the greater of:

(1) 1.15 percent of the base amount of wages for each employee as determined under Section 251.007; or

(2) 0.50 percent of net taxable earned surplus, as determined under rules adopted by the commission.

(3) Strike SECTIONS 2.02 and 2.03 (page 22, line 13 through page 24, line 26) and substitute:

SECTION 2.021. Section 171.001(a), Tax Code, is amended to read as follows:

(a) Subject to Section 171.0012, a [A] franchise tax is imposed on:

(1) each corporation that does business in this state or that is chartered in this state; and

(2) each limited liability company that does business in this state or that is organized under the laws of this state.

SECTION 2.022. Section 171.001(b) (3), Tax Code, is amended to read as follows:

(3) "Corporation" includes:

(A) a limited liability company, as defined under the Texas Limited Liability Company Act;

(B) a savings and loan association; ~~and~~

(C) a banking corporation; and

(D) any other entity:

(i) that is operated for profit;

(ii) that is operating, organized, or registered under the laws of this state in a manner that provides liability limitations for a person who holds an ownership interest in the entity, including a partner's interest in a partnership;

(iii) in which any ownership interest is held by an entity other than a natural person, without regard to whether the person that is not a natural person is located in this state or is in any other manner doing business in this state; and

(iv) that has one or more employees in this state.

SECTION 2.023. Section 171.001, Tax Code, is amended by adding Subsection (d) to read as follows:

(d) For purposes of Subsection (a), a corporation does business in this state if the corporation is a foreign corporation and is:

(1) holding partnership interest, including interest as an assignee, as a general partner in a general partnership that is doing business in this state;

(2) holding partnership interest, including interest as an assignee, as a general partner in a limited partnership that is doing business in this state; or

(3) holding partnership interest, including interest as an assignee, as a limited partner in a limited partnership that is doing business in this state.

SECTION 2.024. Subchapter A, Chapter 171, is amended by adding Section 171.0012 to read as follow:

Sec. 171.0012. ELECTION OF TAXES. (a) A corporation may elect to pay the tax imposed under this chapter or the tax imposed under Chapter 251. A corporation that does not have any employees in this state and is otherwise subject to the tax imposed under this chapter must pay the tax imposed under this chapter.

(b) The comptroller, in cooperation with the Texas Workforce Commission, shall promulgate a form for a corporation to use to make an election under this section.

(c) The election cannot be changed until after the third anniversary of the date the election is made.

SECTION 2.025. Section 171.002(d), Tax Code, is amended to read as follows:

(d) A corporation is subject to a minimum tax of \$50 ~~[not required to pay any tax and is not considered to owe any tax]~~ for a period if:

(1) the amount of tax computed for the corporation is less than \$50 ~~[\$100]~~; or

(2) the amount of the corporation's gross receipts:

(A) from its entire business under Section 171.105 is less than \$150,000; and

(B) from its entire business under Section 171.1051, including the amount excepted under Section 171.1051 (a), is less than \$150,000.

SECTION 2.026. Section 171.1032(c), Tax Code, is amended to read as follows:

(c) A corporation shall include in its gross receipts computed under Subsection (a) the corporation's share of the gross receipts of each partnership and joint venture of which the corporation is a part, whether as a partner in the partnership or joint venture doing business in this state or as a partner in a partnership or joint venture that itself is a partner in any additional partnership or joint venture doing business in this state, apportioned to this state as though the corporation directly earned the receipts, including receipts from business done with the corporation.

SECTION 2.027. Section 171.110, Tax Code, is amended by adding Subsections (m) and (n) to read as follows:

(m) Notwithstanding any other provision of this chapter, in determining net taxable earned surplus, payments to related entities for the following purposes are disallowed:

- (1) intellectual property;
- (2) interest charges; or
- (3) management fees.

(n) For the purpose of Subsection (m), the comptroller has the same power as the Internal Revenue Service under Section 482, Internal Revenue Code of 1986.

(Speaker in the chair)

Amendment No. 3 was withdrawn.

Amendment No. 2 was withdrawn.

(Talton in the chair)

### PARLIAMENTARY INQUIRY

REPRESENTATIVE THOMPSON: I'd like to make a parliamentary inquiry.

CHAIR (Representative Talton in the chair): State your inquiry.

THOMPSON: Would it be possible for us to move on the amendment that has been filed?

CHAIR: Not at this time, Representative Thompson, because this amendment and the other amendments may conflict.

THOMPSON: I didn't understand what you said.

CHAIR: Not at this time. Until this amendment goes on and because the amendments that have been filed may conflict with this amendment and members may have to reduce some of them.

THOMPSON: Parliamentary inquiry, Mr. Speaker.

CHAIR: State your inquiry.

THOMPSON: We were given a time certain to file amendments. Is that correct?

CHAIR: That is correct.

THOMPSON: And the majority of those amendments, if not all of those amendments, were filed in that timely manner. Is that correct?

CHAIR: Many of them were, that's correct.

THOMPSON: What amendments were not?

CHAIR: The parliamentarian would have to look at all the time stamps. I'm aware that some of them are—were not filed at the time.

THOMPSON: There had been ample time to file an amendment because they have been combined. They have been distributed among the membership. Is that correct?

CHAIR: The amendments that were filed at that time have been distributed to the membership.

THOMPSON: And are you saying that the new amendments that have been filed have not been distributed?

CHAIR: Are you talking about the amendments that have been filed since March the 8th at five o'clock or since we have suspended the rules?

THOMPSON: We were given a cut-off time, which I think was yesterday. I believe it was yesterday at five o'clock, or something of that nature. Five p.m. on March the 9th.

CHAIR: The clerk has just informed us that no original amendment has been filed since the cut-off time.

THOMPSON: If there are no amendments filed since the cut-off time, the amendments that have been filed have been compiled and distributed to the membership. Is that correct, Mr. Speaker?

CHAIR: That is correct.

THOMPSON: Then what is the problem with moving forward on the amendments that have been filed?

CHAIR: Out of respect for the author of the bill, we like to give him the opportunity to present his amendments first.

THOMPSON: And are those amendments that the author has planned on presenting first, are they a part of the amendment packet that has been distributed to the membership?

CHAIR: The amendment he is offering now has an amendment to the amendment that is attempting to correct some of the problems in that amendment.

THOMPSON: I think you misinterpreted my question. I didn't ask my question correctly.

CHAIR: I'm sorry.

THOMPSON: The amendment that he's planning to offer now, has that amendment been distributed to the membership?

CHAIR: That original amendment has been distributed, but there is an amendment to that amendment that has not. I believe it's up here.

THOMPSON: Oh, there's another amendment.

CHAIR: And there's another one being worked on. That's correct.

THOMPSON: And the membership has not received that amendment. Is that what you're saying? Am I correct?

CHAIR: They originally received it, but it had some mistakes in it. They are attempting to correct it at this time.

THOMPSON: So there's a correcting amendment?

CHAIR: It will be an amendment to an amendment, and they're trying to correct it. The original amendment to the amendment was not correct, and now they're trying to correct that.

THOMPSON: And after we correct that then are you informed what the procedure would be?

CHAIR: After the author has offered his main amendment, then we will go back to the regular amendments and possibly some of the original ones that have been filed. The numbering may have been changed. We will do that.

THOMPSON: Mr. Speaker, I want to thank you. And may I make another parliamentary inquiry?

CHAIR: State your inquiry.

THOMPSON: I'd like to thank the chairman, Mr. Keffer, for his hard work. He's done a great service for the house.

CHAIR: Thank you, Representative Thompson.

THOMPSON: There has been much dialogue on this bill. You have, Mr. Keffer—you have gone over and beyond your limits of trying to be as helpful to the house as possible in explaining the various aspects of this piece of legislation that has been asked of you.

### **REMARKS ORDERED PRINTED**

Representative Thompson moved to print remarks on **CSHB 3**.

The motion prevailed.

### **COMMITTEE MEETING ANNOUNCEMENTS**

The following committee meetings were announced:

Criminal Jurisprudence, Subcommittee on Enhancements, 30 minutes after final recess today, E2.012.

Corrections is cancelled.

Appropriations, Subcommittee on Education, 8 a.m. tomorrow, E2.018.

Public Health is cancelled.

### **RECESS**

Representative Nixon moved that the house recess until 9 a.m. tomorrow.

The motion prevailed.

The house accordingly, at 6:34 p.m., recessed until 9 a.m. tomorrow.

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### **ADDENDUM**

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### **MESSAGES FROM THE SENATE**

The following messages from the senate were today received by the house:



**Message No. 1**

MESSAGE FROM THE SENATE  
SENATE CHAMBER  
Austin, Texas  
Thursday, March 10, 2005

The Honorable Speaker of the House  
House Chamber  
Austin, Texas

Mr. Speaker:

I am directed by the senate to inform the house that the senate has taken the following action:

THE SENATE HAS PASSED THE FOLLOWING MEASURES:

**HCR 70** Hilderbran SPONSOR: Fraser  
Honoring the 100th anniversary of the first H-E-B store in Kerrville.

Respectfully,  
Patsy Spaw  
Secretary of the Senate

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**APPENDIX**

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**STANDING COMMITTEE REPORTS**

Favorable reports have been filed by committees as follows:

**March 9**

Government Reform - **HB 81, HB 256, HB 423**

Insurance - **HB 885**

Law Enforcement - **HB 705**

State Affairs - **HB 976, HB 1285**

**ENGROSSED**

**March 9 - HB 639**

**ENROLLED**

**March 9 - HCR 20, HCR 92**

**SENT TO THE GOVERNOR**

**March 9 - HCR 20, HCR 92**

