

# HOUSE JOURNAL

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SEVENTY-NINTH LEGISLATURE, REGULAR SESSION

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## PROCEEDINGS

THIRTY-SECOND DAY — MONDAY, MARCH 14, 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 99).

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; 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.

Absent, Excused — Hegar.

The invocation was offered by Reverend Murphy Simon, Saint Mark Missionary Baptist Church, Houston.

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

### LEAVE OF ABSENCE GRANTED

The following member was granted leave of absence temporarily for today because of important business in the district:

Hegar on motion of Bohac.

### REGULAR ORDER OF BUSINESS SUSPENDED

On motion of Representative Denny and by unanimous consent, the reading and referral of bills was postponed until just prior to adjournment.

**CAPITOL PHYSICIAN**

The speaker recognized Representative Luna who presented Dr. Wilbur R. Cleaves of Corpus Christi as the "Doctor for the Day."

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

**LEAVE OF ABSENCE GRANTED**

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

Eiland on motion of McCall.

**HR 717 - ADOPTED  
(by Strama)**

Representative Strama moved to suspend all necessary rules to take up and consider at this time **HR 717**.

The motion prevailed.

The following resolution was laid before the house:

**HR 717**, Honoring the members and leaders of Cub Scout Pack 156 of the Tomahawk District, Capitol Area Council.

**HR 717** was adopted.

**HR 380 - ADOPTED  
(by B. Brown)**

Representative B. Brown moved to suspend all necessary rules to take up and consider at this time **HR 380**.

The motion prevailed.

The following resolution was laid before the house:

**HR 380**, In memory of U.S. Army Specialist Chad Drake.

**HR 380** was read and was unanimously adopted by a rising vote.

On motion of Representative Berman, the names of all the members of the house were added to **HR 380** as signers thereof.

**HR 707 - ADOPTED  
(by Gonzalez Tourelles)**

Representative Gonzalez Tourelles moved to suspend all necessary rules to take up and consider at this time **HR 707**.

The motion prevailed.

The following resolution was laid before the house:

**HR 707**, Recognizing Karnes County Day on March 14, 2005, at the State Capitol.

**HR 707** was read and was adopted.

### INTRODUCTION OF GUESTS

The speaker recognized Representative Gonzalez Tourelles who introduced a delegation from Karnes County.

#### **HR 16 - ADOPTED (by Callegari)**

Representative Callegari moved to suspend all necessary rules to take up and consider at this time **HR 16**.

The motion prevailed.

The following resolution was laid before the house:

**HR 16**, In memory of Nila Gay Berry of Katy.

**HR 16** was read and was unanimously adopted by a rising vote.

### INTRODUCTION OF GUESTS

The speaker recognized Representative Callegari who introduced the family of Nila Gay Berry.

### POSTPONED BUSINESS

The following bills were laid before the house as postponed business:

#### **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** was read second time on March 10 and three amendments were offered and disposed of; it was again laid out on March 11 as unfinished business and was postponed until 10 a.m. today.

#### **Amendment No. 4**

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

Amend **CSHB 3** as follows:

(1) Strike SECTION 2.01 (page 15, line 4, through page 22, line 12) and substitute a new SECTION 2.01 as follows:

SECTION 2.01. Title 2, Tax Code, is amended by adding Subtitle K to read as follows:

#### SUBTITLE K. REFORMED FRANCHISE TAX CHAPTER 251. REFORMED FRANCHISE TAX

Sec. 251.001. DEFINITIONS. In this chapter:

(1) "Business" means an entity that employs an individual to perform services and includes a sole proprietorship with one or more employees.

(2) "Calendar quarter," "commission," "compensation fund," and "contribution" have the meanings assigned those terms by Section 201.011, Labor Code.

(3) "Employer" has the meaning assigned by Subchapter C, Chapter 201, Labor Code.

(4) "Taxable business" means a business to which this chapter applies.

(5) "Wages" means wages, as defined under Subchapter F, Chapter 201, Labor Code, paid by a taxable business and includes the amounts excluded by Sections 201.082(1) and (9), Labor Code.

Sec. 251.002. RULES. The comptroller may adopt rules to implement and administer this chapter.

Sec. 251.0025. RULES: AVOIDANCE OF DOUBLE TAXATION. (a) The comptroller shall adopt rules that shall work in conjunction with the rules adopted under Section 171.0013, so that when a taxable business entity is owned through an ownership chain, whether or not each entity in the chain is subject to taxation under this chapter, the direct and indirect owners of the taxable business entity are not subject to taxation with respect to the same wages.

(b) The avoidance of double taxation rules adopted under this section shall apply regardless of whether the direct or indirect owner itself elects to be subject to the tax under this chapter, is subject to the tax under Chapter 171, or is exempt from taxation under this chapter or Chapter 171.

Sec. 251.003. LOCATION OF SERVICE. (a) The tax imposed by this chapter applies to wages for a service performed in this state or in and outside this state if:

(1) the service is localized in this state; or

(2) the service is not localized in any state and some of the service is performed in this state and:

(A) the base of operations is in this state, or there is no base of operations, but the service is directed or controlled from this state; or

(B) the base of operations or place from which the service is directed or controlled is not in a state in which a part of the service is performed, and the residence of the person who performs the service is in this state.

(b) The tax imposed by this chapter applies to wages for a service performed anywhere in the United States, including service performed entirely outside this state, if:

(1) the service is not localized in a state;

(2) the service is performed by an individual who is one of a class of employees who are required to travel outside this state in performance of their duties; and

(3) the individual's base of operations is in this state or, if there is no base of operations, the individual's service is directed or controlled from this state.

(c) The tax imposed by this chapter applies to wages for a service performed outside the United States by a citizen of the United States.

(d) For the purposes of this section, service is localized in a state if the service is performed entirely within the state or the service performed outside the state is incidental to the service performed in the state. In this section, a service that is "incidental" includes a service that is temporary or that consists of isolated transactions.

Sec. 251.004. TAXABLE BUSINESS. Subject to Section 251.007, the tax imposed by this chapter applies only to a business that is an employer that pays or is required to pay a contribution under Subtitle A, Title 4, Labor Code.

Sec. 251.005. ELECTION OF TAXES. (a) Except as otherwise provided by this section, a business may elect to pay the tax imposed under this chapter or the tax imposed under Chapter 171.

(b) A business that is wholly or partially in the business of leasing employees, including but not limited to leasing between members of an affiliated group, shall pay the tax under this chapter, and for the purposes of this chapter and Chapter 171, the business is considered to have elected the tax under this chapter.

(c) A business that does not have any employees in this state may not elect to pay the tax under this chapter.

(d) The comptroller shall promulgate a form for a business to use to make an election under this section.

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

Sec. 251.006. TAX IMPOSED. If a business elects to pay the tax under this chapter, the tax is imposed on the business for each employee for whom the business pays or is required to pay a contribution for a calendar quarter without regard to whether:

(1) the employee is full-time or part-time; or

(2) the wages paid were for the entire calendar quarter or a portion of the calendar quarter.

Sec. 251.007. TAX IMPOSED ON EMPLOYERS. (a) Notwithstanding Section 251.006, if a business elects to pay the tax under this chapter, the tax is imposed on the business for each individual who performs a service for the business for compensation, without regard to whether the business pays a contribution for a calendar quarter for the individual, if the individual is an employee of the business as provided by this section for all or a part of the calendar quarter.

(b) An individual is an employee of a business for purposes of this section if the business has a right to direct and control how the individual performs the service for which the individual is provided compensation, indicated by factors that include, but are not limited to:

(1) whether the individual is subject to the business's instructions about when, where, and how to work;

(2) whether the individual is trained to perform services in a particular manner;

(3) the extent to which the individual has unreimbursed business expenses;

(4) the extent to which the individual has a significant investment in the facilities the individual uses in performing the services;

(5) the extent to which the individual makes the individual's services available to the relevant market, by advertising, maintaining a visible business location, or otherwise;

- (6) the extent to which the individual can realize a profit or loss;
- (7) the manner in which the individual is paid by the business;
- (8) whether a written contract between the individual and the business provides that the individual is or is not an employee;
- (9) whether the business provides the individual with employee-type benefits, including insurance, a pension plan, vacation pay, or sick pay;
- (10) whether the relationship between the individual and the business is considered permanent or for a limited period; and
- (11) the extent to which services performed by the individual are a key aspect of the affairs of the business.

Sec. 251.008. BASE AMOUNT OF WAGES. The base amount of wages for each employee is the total amount of wages paid to the employee during the calendar quarter.

Sec. 251.009. RATE. (a) Except as provided by Subsection (b), the rate of the tax for a business that elects to pay the tax under this chapter is equal to 1.15 percent of the base amount of wages for each employee as determined under Section 251.008.

(b) For a corporation that elects to pay the tax under this chapter and that had no employees in this state at any time between January 1, 2004, and January 1, 2005, but currently has employees in this state, the rate of the tax is equal to the greater of:

(1) 1.15 percent of the base amount of wages for each employee as determined under Section 251.008; or

(2) the amount of the franchise tax paid by the corporation in the previous report year.

(c) Subsection (b) expires December 31, 2008.

Sec. 251.010. EXEMPTION FOR GOVERNMENTAL ENTITIES. The tax imposed under this chapter does not apply to a governmental entity.

Sec. 251.011. EXEMPTION FOR SMALL BUSINESS. A business whose gross receipts in this state as determined under Section 171.1032 for the applicable calendar year are less than or equal to \$150,000 is exempt from the taxes imposed under this chapter for that year.

Sec. 251.012. EXEMPTION FOR CERTAIN CHARITIES. (a) The tax imposed under this chapter does not apply to an organization exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1986 by being listed as an exempt organization in Section 501(c)(3) of that code.

(b) An organization exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1986 by being listed as an exempt organization under a provision of Section 501(c) other than Section 501(c)(3) may elect to pay the tax under this chapter or to pay the tax under Chapter 171. If the organization elects to pay the tax under Chapter 171, and Chapter 171 provides that the organization is exempt from taxation under that chapter, the organization may claim or continue to claim that exemption in the manner provided by Chapter 171.

Sec. 251.013. TAX NOT DEDUCTED FROM WAGES. A taxable business may not deduct the tax imposed under this chapter from any wages of the taxable business's employees.

Sec. 251.014. CRIMINAL PENALTY. (a) A person who violates Section 251.013 commits an offense.

(b) An offense under this section is a Class A misdemeanor.

Sec. 251.015. CIVIL PENALTY. (a) A person who violates Section 251.013 is liable to the state for a civil penalty not to exceed \$500 for each violation. Each day a violation continues may be considered a separate violation for purposes of a civil penalty assessment.

(b) A person who does not pay the tax imposed by this chapter on wages paid to an individual who performs services for the person because the person determines that the individual is not an employee for purposes of this chapter is liable to the state for a civil penalty equal to twice the amount of tax owed under this chapter in relation to the individual unless the person can demonstrate that there was a reasonable basis for the determination.

(c) On request of the comptroller, the attorney general shall file suit to collect a penalty under this section.

Sec. 251.016. REPORTS AND PAYMENT. (a) Each taxable business shall, on or before the last day of the month immediately following each calendar quarter, file a report on wages in a form prescribed by the commission.

(b) The tax imposed under this chapter is due at the same time, collected in the same manner, and subject to the same penalties and interest as contributions assessed under Subtitle A, Title 4, Labor Code.

(c) To the extent practicable, the commission shall combine the reporting and payment of contributions and the reporting and payment of the tax imposed under this chapter.

Sec. 251.017. ENFORCEMENT. The comptroller may enforce the collection of the tax under this chapter as provided by Subtitles A and B.

Sec. 251.018. DISPOSITION OF PROCEEDS. All proceeds from the collection of the taxes imposed under this chapter shall be deposited to the credit of the general revenue fund.

Sec. 251.019. CREDITS AGAINST INSURANCE PREMIUM TAXES. (a) Subject to Subsection (b), a business that pays insurance premium taxes under Subtitle B, Title 3, Insurance Code, and elects to pay the tax under this chapter is entitled to a credit of the entire amount of tax paid under this chapter against any premium tax that the business may owe.

(b) The business may not receive a credit in an amount that exceeds the amount of the tax or assessment due after applying any other credits. The business may carry any unused credit forward for not more than five years but it may not, at any time, receive a credit in an amount that exceeds the amount of the tax or assessment due, after applying any other credits.

(c) The business may not convey, assign, or transfer the credit allowed under this section to another entity unless all of the assets of the business are conveyed, assigned, or transferred in the same transaction.

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

Sec. 251.020. CREDITS FOR CERTAIN PROVIDERS OF HEALTH CARE SERVICES. (a) Except as provided by Subsection (f), a taxable business that participates in either the Medicaid program or the Medicare program as a provider of health care services and that receives not less than 15 percent of the business's revenue during a calendar quarter from payments received under the Medicaid or Medicare program, or both, is entitled to a credit in the amount provided by Subsection (b) against the taxes imposed under this chapter for that calendar quarter.

(b) The amount of the credit is equal to 40 percent of the total amount of payments the taxable business received from payments under the Medicaid and Medicare programs during that calendar quarter that can be verified, if necessary.

(c) A taxable business may not receive a credit in an amount that exceeds the amount of the tax or assessment due after applying any other credits.

(d) A taxable business may not convey, assign, or transfer the credit allowed under this section to another entity unless all of the assets of the business are conveyed, assigned, or transferred in the same transaction.

(e) The comptroller shall adopt rules to implement this section. The Health and Human Services Commission shall assist the comptroller in the formulation and adoption of the rules.

(f) A taxable business that participates in the Medicaid or Medicare program as a provider of durable medical equipment or as a vendor of pharmaceuticals may not count payments for those services for purposes of qualifying for the exemption under this section.

(2) Strike SECTIONS 2.02 and 2.03 (page 22, line 13, through page 24, line 26) and substitute new SECTIONS 2.02–2.06 as follows, renumbering subsequent SECTIONS appropriately:

SECTION 2.02. 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 2.03. Section 171.001(b)(3), Tax Code, is amended to read as follows:

(3) "Corporation";

(A) includes:

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

(ii) [(B)] a savings and loan association; [and]

(iii) [(C)] a banking corporation;

(iv) a sole proprietorship with one or more employees;

(v) a partnership owned solely by natural persons with one or more employees;



(vi) a form of business, with or without employees, 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 business; and

(vii) a partnership or joint venture owned at least in part by another form of business and with one or more employees; and

(B) does not include:

(i) a trust, estate, or escrow;

(ii) a real estate investment trust and its subsidiary entities;

(iii) a master limited partnership;

(iv) a family limited partnership;

(v) a regulated investment company;

(vi) a real estate mortgage investment conduit;

(vii) an investment partnership;

(viii) a sole proprietorship without any employees;

(ix) a partnership without any employees; or

(x) an entity, arrangement, or investment vehicle without any employees that is used solely for a finance, securitization, or monetization purpose, or any partner, beneficiary, or member of such entity.

SECTION 2.04. 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 a partnership interest, including an interest as an assignee, as a general partner in a general partnership that is doing business in this state;

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

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

SECTION 2.05. Subchapter A, Chapter 171, Tax Code, is amended by adding Sections 171.0012 and 171.0013 to read as follows:

Sec. 171.0012. ELECTION OF TAXES. (a) Except as provided by Subsection (b), a corporation may elect to pay the tax imposed under this chapter or the tax imposed under Chapter 251.

(b) A business that is in the business of leasing employees may not elect to pay the tax imposed under this chapter and shall pay the tax imposed under Chapter 251.

(c) The comptroller shall promulgate a form for a corporation to use to make an election under this section. If the corporation is an entity described in Sections 171.001(b)(3)(A)(iv)-(vii) and any interests in the corporation are owned by natural persons, the election form must be signed by each of those natural persons and by an authorized officer of the business. The election form shall provide that the business and those natural persons agree that the taxable earned surplus of the business shall be calculated pursuant to this chapter without regard to any exclusion, exemption, or prohibition in Section 24, Article VIII, Texas Constitution.

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

Sec. 171.0013. RULES: AVOIDANCE OF DOUBLE TAXATION. (a) The comptroller shall adopt rules that shall work in conjunction with the rules adopted under Section 251.0025, so that when a corporation is owned through an ownership chain, whether or not each entity in the chain is subject to taxation under this chapter, the direct and indirect owners of the corporation are not subject to taxation with respect to the same taxable earned surplus.

(b) The avoidance of double taxation rules adopted under this section shall apply regardless of whether the direct or indirect owner itself elects to be subject to the tax under Chapter 251, is subject to the tax under this chapter, or is exempt from taxation under this chapter or Chapter 251.

SECTION 2.06. Section 171.110, Tax Code, is amended by adding Subsections (m)-(o) 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 to the extent they exceed arm's-length rates and terms:

(1) intangible expenses;

(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, as effective January 1, 2006.

(o) For purposes of Subsections (m) and (n), "arm's-length rates and terms" means that:

(1) two or more related members enter into a written agreement for the transaction;

(2) such agreement is of a duration and contains rates and payment terms substantially similar to those that the related member would be able to obtain from an unrelated entity; and

(3) the borrower or payor substantially adheres to the payment terms of the agreement governing the transaction or any amendments to it, provided that there is a presumption that an interest rate does not exceed arm's-length rates and terms if the rate conforms to Sections 482 and 1274, Internal Revenue Code of 1986, as effective January 1, 2006.

### **Amendment No. 5**

Representatives J. Keffer and Hill offered the following amendment to Amendment No. 4:

Amend the Keffer Amendment to **CSHB 3** on page 9, between lines 8 and 9, by inserting:

Sec. 251.021. CREDIT FOR CERTAIN RESEARCH AND DEVELOPMENT ACTIVITIES. (a) A business that elects to pay the tax under this chapter is entitled to a credit against the tax imposed under this chapter in the amount and under the conditions and limitations provided by Subchapter 0, Chapter 171, for certain research and development activities.

(b) The credit may not exceed 50 percent of the amount of tax due under this chapter for a calendar year.

Amendment No. 5 was adopted. (The vote was reconsidered later today, and Amendment No. 5 was withdrawn.)

#### **Amendment No. 6**

Representative J. Keffer offered the following amendment to Amendment No. 4:

Amend the Keffer Amendment to **CSHB 3** as follows:

(1) On page 3, line 16, strike "(a) A business" and substitute "(a) Except as provided by Subsection (b-1), a business".

(2) On page 3, between lines 20 and 21, insert the following:

(b-1) Notwithstanding Subsection (b), a business described by Subsection (b) that was in existence and paid the tax imposed under Chapter 171 for the business's most recent report year ending on or before January 1, 2005, may elect to pay either the tax imposed under this chapter or the tax imposed under Chapter 171.

Amendment No. 6 was adopted.

(R. Allen in the chair)

#### **CSHB 3 – STATEMENT OF LEGISLATIVE INTENT**

REPRESENTATIVE HILL: Thank you, Mr. Speaker. Mr. Keffer, just for a point of clarification, I want to be sure that I understand that this bill applies to those under the compensation portion that are technically employees of the businesses that are reporting the income to the Texas Workforce Commission.

REPRESENTATIVE J. KEFFER: Under the UR, yes, sir.

HILL: Yes, sir. And, it does not involve any business that reports or that pays to independent contractors and reports their wages on a 10-99?

J. KEFFER: You're right.

#### **REMARKS ORDERED PRINTED**

Representative Hill moved to print remarks between Representative J. Keffer and Representative Hill.

The motion prevailed.

#### **Amendment No. 5 - Vote Reconsidered**

Representative J. Keffer moved to reconsider the vote by which Amendment No. 5 was adopted.

The motion to reconsider prevailed.

Amendment No. 5 was withdrawn.

(Speaker in the chair)

**CSHB 3 – STATEMENT OF LEGISLATIVE INTENT**

REPRESENTATIVE URESTI: Thank you, thank you, Mr. Otto. I have a question to follow up on the chairman's question—Smithee—with regard to the constitutionality of this bill. And, you're saying that because the employer makes the decision to choose between either one of these options that they in essence waive that constitutional aspect of it. Is that your statement?

REPRESENTATIVE OTTO: I have some information that says you may waive your state constitutional rights. There are court cases, Texas court cases that have acknowledged this: *Fort Worth ISD vs. the City of Fort Worth*, *Garrett vs. the State*, *Yandell vs. Terrence State Bank*.

URESTI: Are those civil cases or criminal cases?

REPRESENTATIVE J. KEFFER: I would assume they're all civil cases.

URESTI: And do any of them deal with taxes?

OTTO: I do not know. All I'm using them for is the point being made that you have the right, in Texas, to waive your constitutional right.

URESTI: That may be the case, but we're talking specifically here about a tax situation and you may be referring to criminal cases, Mr. Otto. So, I think we need to be clear when you represent those cases to this body that you're talking about tax cases. And my question, though, and the concern that I have with waiving—a business waiving their constitutional right is that when they make the option, they're choosing and they're stuck for three years. So, after the first year they may realize, what was I thinking. That was a mistake; it's not good for my business but now I'm stuck for three years. And, so this bill proposes that if they waive their constitutional right, they're waiving it for three years and they have no recourse. Is that correct?

OTTO: You are correct, and once they make the election they are in, whatever they elect, they are in for three years.

URESTI: How are they going to know? How is a small business man, a small business woman going to know whether or not which option they should choose? How are they going to get that information, that expertise, and that advice without hiring a very expensive accountant?

OTTO: Not all of us are expensive. What basically a small business person is going to sit down and do is look at what their compensation has been for the prior year—what they pay in wages. They pretty much know what their wages are going to be in the coming year.

URESTI: So, a small business man or woman is going to have to hire an accountant to give them this advice. Is that correct?

OTTO: I don't know that they would have to hire an accountant. I think most people that are in business for themselves know what their earned surplus is, what their profit is. They know what they pay their employees. Is 1.15 percent of this compensation lower than 4.5 percent of this number? If so, and I think that will be the case in most cases, then they're going to opt for whichever is lower.

URESTI: And, isn't it true that what this bill really does is it forces an employer, any employer, big employer, small employer, to waive their constitutional rights or be burdened with paying a higher tax? Isn't, in essence, that what this bill is doing?

OTTO: No, I would disagree that it puts the burden on someone to force them to waive their constitutional right. We are not doing that. They have a choice to make an election to pay a franchise tax for the privilege of doing business in Texas. That's what the franchise tax is.

URESTI: And, if they make the wrong choice, though, then they may pay a higher burden, a higher tax, and be stuck with it for three years?

### REMARKS ORDERED PRINTED

Representative Uresti moved to print remarks between Representatives Otto, J. Keffer, and Uresti.

The motion prevailed.

A record vote was requested.

Amendment No. 4, as amended, was adopted by (Record 100): 86 Yeas, 55 Nays, 1 Present, not voting.

Yeas — Allen, R.; Bailey; Baxter; Berman; Blake; Bohac; Bonnen; Branch; Brown, B.; Brown, F.; Callegari; Campbell; Casteel; Chisum; Cook, B.; Corte; Crabb; Crownover; Davis, J.; Dawson; Delisi; Denny; Driver; Edwards; Eissler; Elkins; Flynn; Gattis; Geren; Goolsby; Griggs; Grusendorf; Hamilton; Hamric; Hardcastle; Harper-Brown; Hartnett; Hill; Hope; Hopson; Howard; Hughes; Hunter; Hupp; Isett; Jackson; Keel; Keffer, B.; Keffer, J.; King, P.; Kolkhorst; Krusee; Kuempel; Laubenberg; Luna; Madden; McCall; Merritt; Miller; Morrison; Mowery; Nixon; Orr; Otto; Paxton; Phillips; Pitts; Reyna; Riddle; Ritter; Rose; Seaman; Smith, T.; Smith, W.; Solomons; Straus; Swinford; Talton; Taylor; Truitt; Van Arsdale; Villarreal; West; Wong; Woolley; Zedler.

Nays — Allen, A.; Alonzo; Anchia; Burnam; Castro; Chavez; Coleman; Cook, R.; Davis, Y.; Deshotel; Dukes; Dunnam; Dutton; Escobar; Farabee; Farrar; Frost; Gallego; Giddings; Gonzales; Gonzalez Toureilles; Goodman; Guillen; Haggerty; Herrero; Hochberg; Hodge; Homer; Jones, D.; Jones, J.; King, T.; Laney; Leibowitz; Martinez; Martinez Fischer; McClendon; McReynolds; Menendez; Moreno, J.; Moreno, P.; Naishtat; Noriega, M.; Oliveira; Olivo; Puente; Quintanilla; Raymond; Rodriguez; Smithee; Solis; Thompson; Turner; Uresti; Veasey; Vo.

Present, not voting — Mr. Speaker(C).

Absent, Excused — Eiland; Hegar.

Absent — Anderson; Flores; Hilderbran; Peña; Pickett; Strama.

### STATEMENTS OF VOTE

When Record No. 100 was taken, my vote failed to register. I would have voted yes.

Anderson

I was shown voting no on Record No. 100. I intended to vote present, not voting.

Guillen

When Record No. 100 was taken, I was in the house but away from my desk. I would have voted yes.

Hilderbran

I was shown voting yes on Record No. 100. I intended to vote no.

Hopson

I was shown voting yes on Record No. 100. I intended to vote no.

Merritt

When Record No. 100 was taken, I was in the house but away from my desk. I would have voted no.

Peña

I was shown voting yes on Record No. 100. I intended to vote no.

Reyna

When Record No. 100 was taken, I was temporarily out of the house chamber. I would have voted yes.

Strama

#### **Amendment No. 7**

Representative Rose offered the following amendment to **CSHB 3**:

Floor Packet Page No. 1

Amend **CSHB 3** as follows:

- (1) On page 1, line 16, strike "\$1.00" and substitute "\$\_\_\_\_\_".
- (2) On page 1, line 19, strike "\$1.00" and substitute "\$\_\_\_\_\_".
- (3) On page 1, line 21, strike "\$1.00." and substitute "\$\_\_\_\_\_".
- (4) On page 1, line 24, strike "\$0.50" and substitute "\$\_\_\_\_\_".
- (5) Strike page 20, line 20, through page 21, line 11.

Amendment No. 7 was withdrawn.

#### **Amendment No. 8**

Representative Coleman offered the following amendment to **CSHB 3**:

Floor Packet Page No. 901

Amend **CSHB 3**, on page 2, beginning on line 2, by striking PART B. BUY-DOWN OF SCHOOL DISTRICT TAXES in its entirety.

(Nixon in the chair)

Representative J. Keffer moved to table Amendment No. 8.

A record vote was requested.

The motion to table prevailed by (Record 101): 88 Yeas, 54 Nays, 3 Present, not voting.

Yeas — Allen, R.; Anchia; Anderson; Baxter; Berman; Blake; Bohac; Bonnen; Branch; Brown, B.; Brown, F.; Burnam; Callegari; Campbell; Casteel; Chisum; Cook, B.; Cook, R.; Corte; Crabb; Crownover; Davis, J.; Dawson; Delisi; Denny; Driver; Eissler; Elkins; Flynn; Gattis; Goodman; Goolsby; Griggs; Grusendorf; Haggerty; Hamilton; Hamric; Hardcastle; Harper-Brown; Hartnett; Hilderbran; Hill; Hope; Howard; Hughes; Hunter; Hupp; Isett; Jackson; Keel; Keffer, B.; Keffer, J.; King, P.; Kolkhorst; Krusee; Kuempel; Laubenberg; Madden; McCall; Merritt; Miller; Morrison; Mowery; Nixon(C); Orr; Otto; Paxton; Phillips; Pitts; Reyna; Riddle; Rose; Seaman; Smith, T.; Smith, W.; Smithee; Solomons; Strama; Straus; Swinford; Talton; Taylor; Truitt; Van Arsdale; West; Wong; Woolley; Zedler.

Nays — Alonzo; Bailey; Castro; Chavez; Coleman; Davis, Y.; Deshotel; Dukes; Dunnam; Dutton; Escobar; Farabee; Farrar; Flores; Frost; Gallego; Geren; Giddings; Gonzales; Gonzalez Toureilles; Herrero; Hochberg; Hodge; Hopson; Jones, J.; King, T.; Laney; Leibowitz; Luna; Martinez; Martinez Fischer; McClendon; McReynolds; Menendez; Moreno, J.; Moreno, P.; Naishtat; Noriega, M.; Oliveira; Olivo; Peña; Pickett; Puente; Quintanilla; Raymond; Ritter; Rodriguez; Solis; Thompson; Turner; Uresti; Veasey; Villarreal; Vo.

Present, not voting — Mr. Speaker; Edwards; Guillen.

Absent, Excused — Eiland; Hegar.

Absent — Allen, A.; Homer; Jones, D.

#### STATEMENTS OF VOTE

When Record No. 101 was taken, I was temporarily out of the house chamber. I would have voted no.

A. Allen

I was shown voting yes on Record No. 101. I intended to vote no.

Anchia

I was shown voting yes on Record No. 101. I intended to vote no.

Burnam

When Record No. 101 was taken, I was temporarily out of the house chamber. I would have voted no.

Homer

When Record No. 101 was taken, I was in the house but away from my desk. I would have voted yes.

D. Jones

(Speaker in the chair)

**Amendment No. 9**

Representative Howard offered the following amendment to **CSHB 3**:

Floor Packet Page No. 20

Amend **CSHB 3**, as follows:

(1) Strike page 6, line 6 through page 12, line 10, and renumber subsequent parts and sections of Article 1 accordingly.

(2) Strike page 13, line 24 through page 14, line 4, and renumber subsequent sections accordingly.

**Amendment No. 10**

Representative Howard offered the following amendment to Amendment No. 9:

Amend Amendment No. 9 by Howard on page 20 of the amendment packet to **CSHB 3** by adding the following appropriately numbered Items to the amendment and renumbering subsequent Items of the amendment accordingly:

( ) On page 43, between lines 25 and 26, insert the following:

(3) "Ale, "beer," "malt liquor," and "wine" have the meanings assigned by Section 1.04, Alcoholic Beverage Code.

( ) On page 44, line 2, between "IMPOSED" and the underlined period, insert "ON SOFT DRINKS AND SNACK FOOD".

( ) On page 44, line 6, strike "chapter" and substitute "section".

( ) On page 44, line 8, between "TAX" and the underlined period, insert "ON SOFT DRINKS AND SNACK FOOD".

( ) On page 44, line 9, strike "this chapter" and substitute "Section 164.051".

( ) On page 44, between lines 11 and 12, insert the following:

Sec. 164.053. TAX IMPOSED ON CERTAIN ALCOHOLIC BEVERAGES. (a) A tax is imposed on each sale at retail of ale, malt liquor, beer, or wine.

(b) The tax rate is three percent on the sale price of the ale, malt liquor, beer, or wine.

(c) The tax imposed under this section is in addition to any other tax imposed by state law.

( ) On page 44, line 12, strike "Sec. 164.053" and substitute Sec. 164.054".

( ) On page 44, line 13, strike "tax imposed under this chapter is" and substitute "taxes imposed under this chapter are".

( ) On page 44, strike line 15, and substitute the following:



[Sections 164.055-164.100 reserved for expansion]

( ) On page 42, line 16, strike "This", and insert "(a) Except as provided by Subsection (b) of this section, this".

( ) On page 42, between lines 20 and 21, insert the following:

(b) The tax imposed on certain alcoholic beverages by Chapter 164, Tax Code, as added by this Act, takes effect September 1, 2008.

Representative Geren moved to table Amendment No. 10.

A record vote was requested.

The motion to table prevailed by (Record 102): 108 Yeas, 25 Nays, 1 Present, not voting.

Yeas — Alonzo; Anchia; Anderson; Bailey; Baxter; Berman; Blake; Bohac; Bonnen; Branch; Brown, B.; Brown, F.; Burnam; Campbell; Casteel; Castro; Chisum; Coleman; Cook, R.; Davis, J.; Davis, Y.; Denny; Deshotel; Driver; Dukes; Dunnam; Dutton; Eissler; Elkins; Escobar; Farabee; Farrar; Flores; Frost; Gallego; Gattis; Geren; Giddings; Gonzales; Gonzalez Toureilles; Goodman; Goolsby; Griggs; Grusendorf; Guillen; Haggerty; Hamilton; Hamric; Hardcastle; Hartnett; Herrero; Hochberg; Hodge; Homer; Hope; Hopson; Hunter; Hupp; Isett; Jones, D.; Jones, J.; Keel; Keffer, J.; King, T.; Kolkhorst; Krusee; Kuempel; Laney; Leibowitz; Luna; Madden; Martinez; Martinez Fischer; McCall; McClendon; McReynolds; Menendez; Merritt; Moreno, J.; Moreno, P.; Naishtat; Nixon; Olivo; Orr; Otto; Peña; Pickett; Pitts; Puente; Quintanilla; Raymond; Reyna; Rodriguez; Rose; Smith, W.; Solis; Solomons; Strama; Truitt; Turner; Uresti; Van Arsdale; Veasey; Villarreal; West; Wong; Woolley; Zedler.

Nays — Callegari; Chavez; Cook, B.; Corte; Crabb; Dawson; Delisi; Flynn; Harper-Brown; Hilderbran; Hill; Howard; Hughes; Jackson; Laubenberg; Miller; Mowery; Paxton; Phillips; Riddle; Ritter; Smith, T.; Swinford; Talton; Taylor.

Present, not voting — Mr. Speaker(C).

Absent, Excused — Eiland; Hegar.

Absent — Allen, A.; Allen, R.; Crownover; Edwards; Keffer, B.; King, P.; Morrison; Noriega, M.; Oliveira; Seaman; Smithee; Straus; Thompson; Vo.

### STATEMENTS OF VOTE

When Record No. 102 was taken, I was temporarily out of the house chamber. I would have voted yes.

A. Allen

When Record No. 102 was taken, my vote failed to register. I would have voted yes.

R. Allen

I was shown voting yes on Record No. 102. I intended to vote no.

B. Brown

I was shown voting no on Record No. 102. I intended to vote yes.

Chavez

When Record No. 102 was taken, I was in the house but away from my desk. I would have voted yes.

Crownover

I was shown voting yes on Record No. 102. I intended to vote no.

Giddings

When Record No. 102 was taken, I was in the house but away from my desk. I would have voted yes.

Smithee

When Record No. 102 was taken, I was in the house but away from my desk. I would have voted yes.

Straus

I was shown voting yes on Record No. 102. I intended to vote no.

Zedler

Amendment No. 9 was withdrawn.

#### **Amendment No. 11**

Representative Solomons offered the following amendment to **CSHB 3**:  
Floor Packet Page No. 21

Amend **CSHB 3** on page 6, line 14, by striking the word "third" and substituting "tenth."

Amendment No. 11 was adopted.

#### **Amendment No. 12**

Representative Nixon offered the following amendment to **CSHB 3**:  
Floor Packet Page No. 22

Amend **CSHB 3** as follows:

On page 6 delete lines 21-27, and on page 7 delete lines 1-4, and substitute the following:

(b) This section does not apply to a sale or other transfer of real property if the sale or other transfer is made:

(1) pursuant to a court order;

(2) to or from a trustee in bankruptcy;

(3) pursuant to a power of sale under a deed of trust or other encumbrance secured by the property;

(4) by a deed in lieu of foreclosure;

(5) by one co-owner to one or more other co-owners;

(6) to a spouse or to a person or persons in the first degree of lineal consanguinity of one or more of the sellers or grantors;

(7) of an interest less than a full fee simple interest; or  
(8) subject to a power of eminent domain.

### **Amendment No. 13**

Representative Nixon offered the following amendment to Amendment No. 12:

Floor Packet Page No. 814

Amend Floor Amendment No. 12 by Nixon to **CSHB 3** (amendment packet page 22), by striking added Subsection (b) (8) and substituting "(8) to an entity having the power to acquire the property by eminent domain."

Amendment No. 13 was adopted.

(Eissler in the chair)

A record vote was requested.

Amendment No. 12, as amended, was adopted by (Record 103): 80 Yeas, 65 Nays, 1 Present, not voting.

Yeas — Allen, R.; Anchia; Anderson; Baxter; Berman; Blake; Bohac; Branch; Brown, B.; Brown, F.; Callegari; Campbell; Casteel; Chisum; Cook, B.; Corte; Crabb; Crownover; Davis, J.; Davis, Y.; Dawson; Delisi; Denny; Deshotel; Driver; Edwards; Eissler(C); Elkins; Flynn; Gattis; Goodman; Goolsby; Grusendorf; Haggerty; Harper-Brown; Hill; Hope; Howard; Hughes; Hunter; Hupp; Isett; Jackson; Keffer, B.; Keffer, J.; King, P.; King, T.; Krusee; Laubenberg; Madden; McCall; McReynolds; Miller; Mowery; Nixon; Orr; Otto; Paxton; Peña; Phillips; Pitts; Reyna; Riddle; Rose; Seaman; Smith, T.; Smith, W.; Smithee; Solomons; Strama; Straus; Swinford; Talton; Taylor; Truitt; Van Arsdale; West; Wong; Woolley; Zedler.

Nays — Allen, A.; Alonzo; Bailey; Bonnen; Burnam; Castro; Chavez; Coleman; Cook, R.; Dukes; Dunnam; Dutton; Escobar; Farabee; Farrar; Flores; Frost; Gallego; Geren; Giddings; Gonzales; Gonzalez Tourelles; Griggs; Guillen; Hamilton; Hamric; Hardcastle; Hartnett; Herrero; Hilderbran; Hochberg; Hodge; Homer; Hopson; Jones, D.; Keel; Kolkhorst; Kuempel; Laney; Leibowitz; Luna; Martinez; Martinez Fischer; McClendon; Menendez; Merritt; Moreno, J.; Moreno, P.; Naishtat; Noriega, M.; Oliveira; Olivo; Pickett; Puente; Quintanilla; Raymond; Ritter; Rodriguez; Solis; Thompson; Turner; Uresti; Veasey; Villarreal; Vo.

Present, not voting — Mr. Speaker.

Absent, Excused — Eiland; Hegar.

Absent — Jones, J.; Morrison.

### **STATEMENTS OF VOTE**

I was shown voting yes on Record No. 103. I intended to vote no.

Y. Davis

I was shown voting no on Record No. 103. I intended to vote yes.

Gallego

I was shown voting no on Record No. 103. I intended to vote yes.

Guillen

I was shown voting no on Record No. 103. I intended to vote yes.

Kuempel

When Record No. 103 was taken, my vote failed to register. I would have voted no.

Morrison

#### **Amendment No. 14**

Representative Rose offered the following amendment to **CSHB 3**:

Floor Packet Page No. 1

Amend **CSHB 3** as follows:

- (1) On page 1, line 16, strike "\$1.00" and substitute "\$\_\_\_\_\_".
- (2) On page 1, line 19, strike "\$1.00" and substitute "\$\_\_\_\_\_".
- (3) On page 1, line 21, strike "\$1.00." and substitute "\$\_\_\_\_\_".
- (4) On page 1, line 24, strike "\$0.50" and substitute "\$\_\_\_\_\_".
- (5) Strike page 20, line 20, through page 21, line 11.

#### **Amendment No. 15**

Representative Rose offered the following amendment to Amendment No. 14:

Amend the Rose Amendment to **CSHB 3** by striking the text of the amendment and substituting the following:

Amend **CSHB 3** as follows:

- (1) On page 1, line 16, strike "\$1.00" and substitute "\$.997".
- (2) On page 1, line 19, strike "\$1.00" and substitute "\$.997".
- (3) On page 1, line 21, strike "\$1.00." and substitute "\$.997".
- (4) On page 1, line 24, strike "\$0.50" and substitute "\$.503".

(5) In Article 2 of the bill, as amended by the Keffer Amendment, add the following Sections to Chapter 251, Tax Code, as added by the Keffer Amendment:

Sec. 251.0195. PROVISIONS APPLICABLE TO CERTAIN BUSINESSES. (a) Notwithstanding Section 251.019, a business that may owe insurance premium taxes under Subtitle B, Title 3, Insurance Code, is not entitled to a credit of the taxes paid under this chapter against any tax imposed on those gross receipts.

(b) A tax paid under this chapter by a taxable business that may owe insurance premium taxes under Subtitle B, Title 3, Insurance Code, is considered a disallowed expense for purposes of Article 5.13-2, Insurance Code, and may not be included by the taxable business in determining insurance rates or premiums.

(6) Add the following appropriately numbered SECTIONS to Article 2 of the bill as amended by the Keffer Amendment:

SECTION 2. \_\_. Subchapter A, Chapter 171, Tax Code, is amended by adding Section 171.006 to read as follows:

Sec. 171.006. DISALLOWED EXPENSE FOR CERTAIN TAXABLE BUSINESSES. A tax paid under this chapter by a taxable business that may owe insurance premium taxes under Subtitle B, Title 3, Insurance Code, is considered a disallowed expense for purposes of Article 5.13–2, Insurance Code, and may not be included by the taxable business in determining insurance rates or premiums.

SECTION 2. \_\_. Section 203.001, Insurance Code, as effective April 1, 2005, is amended by adding Subsection (d) to read as follows:

(d) This section does not prohibit the imposition of a tax imposed by Chapter 171 or 251, Tax Code, unless a specific exemption for insurers or health maintenance organizations is provided in those chapters.

SECTION 2. \_\_. The following provisions of the Tax Code are repealed:

- (1) Sections 171.052, 171.0525, and 171.0527; and
- (2) Subchapter U, Chapter 171, as added by Chapters 209 and 1274, Acts of the 78th Legislature, Regular Session, 2003.

Amendment No. 15 was adopted.

(Speaker in the chair)

Representative Taylor moved to table Amendment No. 14.

A record vote was requested.

The motion to table was lost by (Record 104): 66 Yeas, 77 Nays, 1 Present, not voting.

Yeas — Allen, R.; Anderson; Baxter; Berman; Blake; Bohac; Brown, B.; Callegari; Campbell; Casteel; Chisum; Cook, B.; Corte; Crabb; Crownover; Dawson; Delisi; Denny; Driver; Eissler; Flynn; Goolsby; Griggs; Grusendorf; Haggerty; Hamric; Hardcastle; Harper-Brown; Hartnett; Hill; Hope; Howard; Hunter; Hupp; Isett; Jackson; Keffer, B.; Keffer, J.; King, P.; King, T.; Kolkhorst; Krusee; Laubenberg; Luna; Madden; Miller; Morrison; Mowery; Nixon; Otto; Paxton; Pitts; Quintanilla; Riddle; Seaman; Smith, W.; Smithee; Straus; Swinford; Taylor; Truitt; Van Arsdale; West; Wong; Woolley; Zedler.

Nays — Allen, A.; Alonzo; Anchia; Bailey; Bonnen; Branch; Brown, F.; Burnam; Castro; Chavez; Coleman; Cook, R.; Davis, Y.; Deshotel; Dukes; Dunnam; Dutton; Edwards; Elkins; Escobar; Farabee; Farrar; Flores; Frost; Gallego; Gattis; Geren; Giddings; Gonzales; Gonzalez Toureilles; Goodman; Guillen; Hamilton; Herrero; Hilderbran; Hochberg; Hodge; Homer; Hopson; Hughes; Jones, D.; Jones, J.; Keel; Kuempel; Laney; Leibowitz; Martinez; Martinez Fischer; McCall; McClendon; McReynolds; Menendez; Merritt; Moreno, J.; Moreno, P.; Naishtat; Oliveira; Olivo; Orr; Peña; Phillips; Pickett; Puente; Raymond; Reyna; Ritter; Rodriguez; Rose; Smith, T.; Solis; Strama; Talton; Thompson; Turner; Uresti; Veasey; Vo.

Present, not voting — Mr. Speaker(C).

Absent, Excused — Eiland; Hegar.

Absent — Davis, J.; Noriega, M.; Solomons; Villarreal.

### STATEMENTS OF VOTE

I was shown voting yes on Record No. 104. I intended to vote no.

Blake

I was shown voting no on Record No. 104. I intended to vote present, not voting.

Guillen

I was shown voting no on Record No. 104. I intended to vote yes.

Hilderbran

When Record No. 104 was taken, I was in the house but away from my desk. I would have voted no.

Solomons

### AMENDMENT NO. 14 – STATEMENT OF LEGISLATIVE INTENT

REPRESENTATIVE NIXON: Mr. Chisum, you use the word retaliatory, and what you are really talking about is other states imposing taxes on our businesses, our companies, when they do business in other states?

REPRESENTATIVE CHISUM: Absolutely.

NIXON: So—so what we have now is, we have a system of reciprocity among the 50 states?

CHISUM: That is exactly right. You said it just exactly right.

NIXON: Alright. The fair word, I think that everybody here would understand, is reciprocity. We don't put this tax on insurance companies that do business in Texas, that are located in other states, and other states don't put this kind of tax on our insurance companies when they sell policies to citizens in other states?

CHISUM: That's right, and the reason they do that is there is a lot of competition in the insurance business. Because you can operate in virtually any state because you are not afraid of sending somebody over here that gets a disadvantage tax on them. So the insurance industry has been this reciprocity thing across the states for years and there is really nothing we can do about that.

NIXON: Alright, actually it turns out that it is best for all consumers.

CHISUM: Absolutely.

NIXON: Not only in our—

CHISUM: Drives insurance rates down totally across the board.

NIXON: So, the best thing we can do for people who actually pay policies is not to adopt this amendment?

CHISUM: That's exactly right.

NIXON: Because what we are going to see—

CHISUM: And lower everybody's tax, insurance rates.

NIXON: Yeah, and those businesses, those insurance companies who are located in Texas who sell policies to people in other states will then find themselves paying confiscatory taxes in other states.

CHISUM: That's true.

NIXON: Okay, so as long as we understand that everybody—everybody—all of a sudden Texas becomes the one state, if this amendment goes on, that is not playing by the rules.

CHISUM: That is exactly right, and the retaliation will be against Texas companies.

NIXON: Alright, the retaliatory actions by other states' legislatures.

CHISUM: Exactly right.

NIXON: In retaliation against the action of this legislature.

CHISUM: Exactly right.

NIXON: We are not talking about retaliation by an insurance company against us?

CHISUM: That's right.

NIXON: We are talking about the Louisiana legislature, and the Arkansas legislature, and the Oklahoma legislature, and everybody else retaliating against Texas businesses.

CHISUM: That's true.

NIXON: Okay, and if we don't have this then the only kind of policy insurance companies we would have were those people who were wholly encompassed only in the State of Texas?

CHISUM: That's right.

NIXON: And there would be an insurance company for Louisiana and an insurance company for each of the 50 states, which is not a very good way to spread risk.

CHISUM: Well, and you know, that is exactly right. It won't spread the risk around—and typically—and we will have much higher rates here in Texas, and so this is just not a good deal.

NIXON: Alright, thank you very much, Mr. Chisum.

CHISUM: I would urge you to vote against this.

#### **REMARKS ORDERED PRINTED**

Representative Geren moved to print remarks between Representative Nixon and Representative Chisum.

The motion prevailed.

A record vote was requested.

Amendment No. 14, as amended, was adopted by (Record 105): 73 Yeas, 66 Nays, 1 Present, not voting.

Yeas — Allen, A.; Alonzo; Anchia; Bailey; Blake; Bohac; Bonnen; Brown, F.; Burnam; Chavez; Coleman; Cook, R.; Davis, Y.; Deshotel; Dukes; Dunnam; Edwards; Elkins; Escobar; Farabee; Farrar; Flores; Frost; Gallego; Gattis; Geren; Giddings; Gonzales; Gonzalez Toureilles; Goodman; Guillen; Haggerty; Harper-Brown; Herrero; Hochberg; Hodge; Homer; Hopson; Hughes; Jones, J.; Keel; Laney; Leibowitz; Martinez; Martinez Fischer; McCall; McReynolds; Merritt; Moreno, J.; Moreno, P.; Naishtat; Oliveira; Olivo; Otto; Peña; Pickett; Puente; Raymond; Ritter; Rodriguez; Rose; Smith, T.; Solis; Strama; Talton; Thompson; Truitt; Turner; Uresti; Veasey; Vo; West; Zedler.

Nays — Allen, R.; Anderson; Berman; Branch; Brown, B.; Callegari; Campbell; Casteel; Castro; Chisum; Cook, B.; Corte; Crabb; Crownover; Davis, J.; Dawson; Delisi; Denny; Driver; Eissler; Flynn; Goolsby; Griggs; Grusendorf; Hamilton; Hamric; Hardcastle; Hartnett; Hilderbran; Hill; Hope; Hunter; Hupp; Isett; Jackson; Keffer, B.; Keffer, J.; King, P.; King, T.; Kolkhorst; Krusee; Kuempel; Laubenberg; Luna; Madden; McClendon; Menendez; Miller; Morrison; Mowery; Nixon; Paxton; Pitts; Quintanilla; Reyna; Riddle; Seaman; Smithee; Solomons; Straus; Swinford; Taylor; Van Arsdale; Villarreal; Wong; Woolley.

Present, not voting — Mr. Speaker(C).

Absent, Excused — Eiland; Hegar.

Absent — Baxter; Dutton; Howard; Jones, D.; Noriega, M.; Orr; Phillips; Smith, W.

### STATEMENTS OF VOTE

I was shown voting no on Record No. 105. I intended to vote yes.

Anderson

When Record No. 105 was taken, my vote failed to register. I would have voted yes.

Baxter

I was shown voting yes on Record No. 105. I intended to vote present, not voting.

Guillen

When Record No. 105 was taken, I was in the house but away from my desk. I would have voted yes.

D. Jones

I was shown voting yes on Record No. 105. I intended to vote no.

Merritt



When Record No. 105 was taken, my vote failed to register. I would have voted yes.

Orr

When Record No. 105 was taken, I was in the house but away from my desk. I would have voted no.

W. Smith

### COMMITTEE GRANTED PERMISSION TO MEET

Representative Woolley requested permission for the Committee on Calendars to meet while the house is in session.

Permission to meet was granted.

### RULES SUSPENDED

Representative Woolley moved to suspend all necessary rules to allow the Committee on Calendars to meet today at 3 p.m.

The motion prevailed.

### COMMITTEE MEETING ANNOUNCEMENT

The following committee meeting was announced:

Calendars, 3 p.m. today, Old Supreme Court Room 3N.3, for a formal meeting, to set calendars for this week.

### CSHB 3 - (consideration continued)

#### Amendment No. 16

Representative Villarreal offered the following amendment to **CSHB 3**:  
Floor Packet Page No. 902

Amend **CSHB 3** on page 8, between lines 11 and 12, by inserting the following:

"Describe any other facts or circumstances that affected the amount of the sales price or consideration: \_\_\_\_\_"

Amendment No. 16 was adopted.

#### Amendment No. 17

Representative Smithee offered the following amendment to **CSHB 3**:  
Floor Packet Page No. 23

Amend **CSHB 3** as follows:

(1) On page 8, between lines 25 and 26, insert the following:

(d) Each county clerk's or combined county and district clerk's office shall provide at no charge a sales price disclosure report form to each grantee or agent of a grantee who appears in person and tenders a deed to real property for recording. The sales price disclosure form must be the form that is prepared and made available by the appraisal district established for the county in which the property is located.

(e) At the end of a calendar month in which a deed to real property has been recorded in the deed records of the county, the county clerk or the combined county and district clerk shall provide the appraisal district established for the county with a copy of the grantee index or a report or list of deeds to real property filed for recording in that month.

(2) On page 11, between lines 16 and 17, insert the following:

(c) The applicable title insurance company, lender, real estate agent, or attorney shall provide a sales price disclosure report form and filing instructions to each purchaser or grantee of real property unless the insurance company, lender, real estate agent, or attorney prepares the disclosure report or has confirmed that another person described by Subsection (a), other than the purchaser or grantee, will prepare and file the disclosure report.

Amendment No. 17 was adopted.

### **Amendment No. 18**

Representative Puente offered the following amendment to **CSHB 3**:

Amend **CSHB 3** on page 9, line 11, strike "The" and substitute "until the first anniversary of the date of filing. Until the first anniversary of the date of filing, the".

Amendment No. 18 was withdrawn.

### **Amendment No. 19**

Representative T. Smith offered the following amendment to **CSHB 3**:

Floor Packet Page No. 27

Amend **CSHB 3** as follows:

(1) On page 12, line 6 through page 13, line 4, strike Part E of Article 1 of the bill and redesignate subsequent parts and sections of Article 1 accordingly.

(2) On page 13, line 18 through page 14, line 1, strike Section 1F.03 of Article 1 of the bill and renumber subsequent sections of Part F of Article 1 of the bill accordingly.

(3) On page 14, line 5, strike "Sections 1D.01-1E.02" and substitute "Part D".

(4) On page 14, lines 9 and 10, strike "Sections 1D.01-1E.02" and substitute "Part D".

### **Amendment No. 20**

Representative T. Smith offered the following amendment to Amendment No. 19:

Amend Amendment No. 19 by T. Smith to **CSHB 3** (page 27, amendment packet) by striking the text of the amendment and substituting the following:

(1) On page 12, line 24, through page 13, line 22, strike Part E of Article 1 of the bill and redesignate subsequent parts and sections of Article 1 accordingly.

(2) On page 14, lines 9-19, strike Section 1F.03 of Article 1 of the bill and renumber subsequent sections of Part F of Article 1 of the bill accordingly.

(3) On page 14, line 23, strike "Sections 1D.01-1E.02" and substitute "Part D".

(4) On page 14, line 27, through page 15, line 1, strike "Sections 1D.01-1E.02" and substitute "Part D".

Amendment No. 20 was adopted.

Amendment No. 19, as amended, was adopted.

#### **Amendment No. 21**

Representative Puente offered the following amendment to **CSHB 3**:

Floor Packet Page No. 24

Amend **CSHB 3** as follows:

(1) Strike page 9, line 9 through page 11, line 8.

(2) On page 11, line 9, strike "22.65" and substitute "22.64".

(3) On page 11, line 17, strike "22.66" and substitute "22.65".

Amendment No. 21 was adopted.

#### **Amendment No. 22**

Representative Puente offered the following amendment to **CSHB 3**:

Amend **CSHB 3** on page 9, line 11, strike ". The" and substitute "until the first anniversary of the date of filing. Until the first anniversary of the date of filing, the".

Amendment No. 22 was withdrawn.

#### **Amendment No. 23**

Representative Villarreal offered the following amendment to **CSHB 3**:

Floor Packet Page No. 25

Amend **CSHB 3** as follows:

(1) On page 10, line 13, after the semicolon, strike "or".

(2) On page 10, line 16, strike "½" and substitute "½".

(3) On page 10, between lines 16 and 17, insert:

(8) to a taxing unit or the authorized agent or representative of a taxing unit that is engaged in or conducting a study of property values in the taxing unit;  
or

(9) to the authorized agent or representative of a taxing unit that is representing the taxing unit in a protest brought under Section 403.303, Government Code, of a finding of the comptroller under Section 403.302 of that code.

Amendment No. 23 was adopted.

#### **Amendment No. 24**

Representatives Eiland and Taylor offered the following amendment to **CSHB 3**:

Floor Packet Page No. 38

**CSHB 3** is amended by adding Section 31.03 (d) and (e) to Chapter 31 of the Tax Code as follows:

d) The governing body of a taxing unit that collects its own taxes may provide, in the manner provided by law for official action by the body, that a person who pays one half of the unit's taxes on the taxpayer's residential homestead as defined in Section 11.13, before December 1 may pay the remaining one-half of the taxes without penalty or interest before July 1 of the following year.

e) The split payment option for residential homesteads set forth in the preceding section (d) applies to taxes for all units for which the adopting taxing unit collects taxes.

Amendment No. 24 was adopted.

**Amendment No. 25**

Representative Swinford offered the following amendment to **CSHB 3**:  
Floor Packet Page No. 39

Amend **CSHB 3** as follows:

(1) In Article 1 of the bill, add the following appropriately designated part and redesignate existing parts accordingly:

PART \_\_\_\_ . TEXAS ECONOMIC DEVELOPMENT ACT

SECTION 1\_.01. Section 313.051, Tax Code, is amended by adding Subsection (a-1) and amending Subsection (b) to read as follows:

(a-1) Notwithstanding Subsection (a), if this subchapter applied to a school district on January 1, 2002, this subchapter continues to apply to the school district regardless of whether the school district ceased or ceases to be described by Subsection (a) after that date.

(b) The governing body of a school district to which this subchapter applies may enter into an agreement in the same manner as a school district to which Subchapter B applies may do so under Subchapter B, subject to Sections 313.052-313.054. Except as otherwise provided by this subchapter, the provisions of Subchapter B apply to a school district to which this subchapter applies. For purposes of this subchapter, a property owner is required to create only at least 10 new jobs on the owner's qualified property. At least 10 ~~80~~ percent of all the new jobs created must be qualifying jobs as defined by Section 313.021(3).

SECTION 1\_.02. Section 313.051(b), Tax Code, as amended by this part, applies only to a limitation on the appraised value for school district maintenance and operations ad valorem tax purposes for which the owner files an application on or after the effective date of this Act. A limitation on the appraised value for school district maintenance and operations ad valorem tax purposes for which the owner files an application before the effective date of this Act is governed by the law as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.

(2) On page 23, line 24, strike "or".

(3) On page 23, line 27, strike "." and substitute "; or".

(4) On page 23, below line 27, add the following:

(4) the validity of an agreement entered into by a corporation or a limited liability company with a school district under Chapter 313, Tax Code, that was executed before the effective date of the repeal of Chapter 171, Tax Code, and the former law is continued in effect for that purpose.

#### **Amendment No. 26**

Representative Swinford offered the following amendment to Amendment No. 25:

Amend Floor Amendment No. 25 to **CSHB 3** by Swinford (amendment packet, page 39), on page 1 of the amendment, by striking lines 9 and 10 and substituting "(a-1) Notwithstanding Subsection (a), if on January 1, 2002, this chapter applied to a school district in whose territory is located a federal nuclear facility, this subchapter".

Amendment No. 26 was adopted.

Amendment No. 25, as amended, was adopted.

#### **Amendment No. 27**

Representative Coleman offered the following amendment to **CSHB 3**:  
Floor Packet Page No. 903

Amend **CSHB 3**, in Article 1 of the bill, by adding a new Part, appropriately designated, to read as follows:

#### **PART \_\_\_\_ . PROPERTY TAX RELIEF FOR CULTURALLY SIGNIFICANT SITES**

SECTION 1 \_\_.01. Section 11.24, Tax Code, is amended to read as follows:

Sec. 11.24. HISTORIC AND CULTURALLY SIGNIFICANT SITES. The governing body of a taxing unit by official action of the body adopted in the manner required by law for official actions may exempt from taxation part or all of the assessed value of a structure or archeological site and the land necessary for access to and use of the structure or archeological site, if the structure or archeological site is:

(1) designated as a Recorded Texas Historic Landmark under Chapter 442, Government Code, or a state archeological landmark under Chapter 191, Natural Resources Code, by the Texas Historical Commission; or

(2) designated as a historically, culturally, or archeologically significant site in need of tax relief to encourage its preservation pursuant to an ordinance or other law adopted by the governing body of the unit.

SECTION 1 \_\_.02. The change in law made by Section 1 \_\_.01 of this part applies only to a tax year that begins on or after the effective date of this Act.

SECTION 1 \_\_.03. This part takes effect immediately if this Act receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this part takes effect on the 91st day after the last day of the legislative session.

Amendment No. 27 was adopted.

**Amendment No. 28**

Representative Bohac offered the following amendment to **CSHB 3**:

Amend **CSHB 3**, in Article 1 of the bill, by adding the following appropriately designated part to that article and redesignating subsequent parts of that article accordingly:

**PART \_\_. INFORMATION ON TAX BILLS RELATING TO PROPERTY  
VALUES AND TAXES**

**SECTION 1\_\_01.** Section 31.01, Tax Code, is amended by amending Subsection (c) and adding Subsection (c-1) to read as follows:

(c) The tax bill or a separate statement accompanying the tax bill shall:

- (1) identify the property subject to the tax;
- (2) state the appraised value, assessed value, and taxable value of the property;
- (3) if the property is land appraised as provided by Subchapter C, D, E, or H, Chapter 23, state the market value and the taxable value for purposes of deferred or additional taxation as provided by Section 23.46, 23.55, 23.76, or 23.9807, as applicable;
- (4) state the assessment ratio for the unit;
- (5) state the type and amount of any partial exemption applicable to the property, indicating whether it applies to appraised or assessed value;
- (6) state the total tax rate for the unit;
- (7) state the amount of tax due, the due date, and the delinquency date;
- (8) explain the payment option and discounts provided by Sections 31.03 and 31.05, if available to the unit's taxpayers, and state the date on which each of the discount periods provided by Section 31.05 concludes, if the discounts are available;
- (9) state the rates of penalty and interest imposed for delinquent payment of the tax;
- (10) include the name and telephone number of the assessor for the unit and, if different, of the collector for the unit; ~~and~~
- (11) for real property, state for the current tax year and each of the preceding five tax years:
  - (A) the appraised value and taxable value of the property;
  - (B) the total tax rate for the unit;
  - (C) the amount of taxes imposed on the property by the unit; and
  - (D) the difference, expressed as a percent increase or decrease, as applicable, in the amount of taxes imposed on the property by the unit compared to the amount imposed for the preceding tax year;
- (12) for real property, state the differences, expressed as a percent increase or decrease, as applicable, in the following for the current tax year as compared to the fifth tax year before that tax year:
  - (A) the appraised value and taxable value of the property;
  - (B) the total tax rate for the unit; and
  - (C) the amount of taxes imposed on the property by the unit; and
- (13) include any other information required by the comptroller.

(c-1) If for any of the preceding six tax years any information required by Subsection (c)(11) or (12) to be included in a tax bill or separate statement is unavailable, the tax bill or statement must state that the information is not available for that year. This subsection expires December 31, 2011.

Amendment No. 28 was adopted.

### **Amendment No. 29**

Representative Y. Davis offered the following amendment to **CSHB 3**:

Amend **CSHB 3**, in Article 1 of the bill, by adding a new Part, appropriately designated, to read as follows and renumbering existing Parts and sections accordingly:

PART \_\_\_\_ . APPLICATION OF SUNSET REVIEW PROCESS  
TO CERTAIN EXEMPTIONS FROM PROPERTY  
TAXES AND STATE TAXES

SECTION 1 \_\_.01. Chapter 325, Government Code, is amended by adding Section 325.023 to read as follows:

Sec. 325.023. EVALUATION OF EXEMPTIONS FROM PROPERTY AND STATE TAXES. (a) In this section, "exemption" includes:

(1) an exemption that is provided by the manner in which a term is defined in Subchapter A, Chapter 151, Tax Code; and

(2) an exception provided by Chapter 153, Tax Code, from the taxes imposed by that chapter.

(b) The commission shall periodically evaluate each exemption provided by Chapters 11, 151, 152, and 153, Tax Code, from the taxes imposed by those chapters.

(c) The commission shall conduct the evaluation required by Subsection (b) according to a schedule that the commission adopts. The schedule must provide for the commission to evaluate each tax exemption at an interval not to exceed six years. The commission shall provide the schedule to the governor, lieutenant governor, speaker of the house of representatives, and presiding officers of the senate finance committee and the house ways and means committee.

(d) The commission's evaluation of each tax exemption must:

(1) include an evaluation of the exemption's effect on:

(A) revenue received from taxes imposed by the chapter providing the exemption;

(B) sales of property, goods, and services made in this state, where applicable; and

(C) economic investment and growth in this state;

(2) take into account any other factors the commission considers relevant in evaluating the exemption;

(3) consider whether retaining the exemption is in the best interest of the public; and

(4) make recommendations for retaining or repealing the exemption, or for amending a provision related to the exemption.

(e) At each regular legislative session, the commission shall present to the legislature and the governor a report on the evaluation and recommendations it makes under Subsection (d). The report must include drafts of any legislation needed to carry out the commission's recommendations under that subsection.

(f) The evaluation described by this section does not apply to a tax exemption that is:

(1) explicitly provided by the constitution of this state; or

(2) for an item or service that this state is unable to tax under the United States Constitution or federal law.

SECTION 1\_\_02. Subchapter C, Chapter 11, Tax Code, is amended by adding Section 11.49 to read as follows:

Sec. 11.49. SUNSET PROVISION FOR PROPERTY TAX EXEMPTIONS. (a) The exemptions provided by this chapter from the taxes imposed by this chapter are subject to periodic evaluation by the Sunset Advisory Commission under Section 325.023, Government Code, according to a schedule that the commission adopts under that section.

(b) A tax exemption provided by this chapter that is the subject of a Sunset Advisory Commission evaluation under Section 325.023, Government Code, and a section or part of a section that provides the exemption are repealed on December 31 of the year in which the commission presents its evaluation to the legislature unless the legislature retains the exemption.

(c) This section does not prohibit the legislature from repealing an exemption from the taxes imposed by this chapter at a date earlier than the date provided by this section.

(d) The evaluation described by Subsection (a) and the repeal described by Subsection (b) do not apply to a tax exemption that is explicitly provided by the constitution of this state.

SECTION 1\_\_03. Chapter 101, Tax Code, is amended by adding Section 101.010 to read as follows:

Sec. 101.010. SUNSET PROVISION FOR CERTAIN EXEMPTIONS FROM STATE TAXES. (a) In this section, "exemption" includes:

(1) an exemption that is provided by the manner in which a term is defined in Subchapter A, Chapter 151; and

(2) an exception under Chapter 153 from the taxes imposed by that chapter.

(b) The exemptions provided by Chapters 151, 152, 153, and 171 from the taxes imposed by those chapters are subject to periodic evaluation by the Sunset Advisory Commission under Section 325.023, Government Code, according to a schedule that the commission adopts under that section.

(c) A tax exemption that is the subject of a Sunset Advisory Commission evaluation under Section 325.023, Government Code, and a section or part of a section that provides the exemption are repealed on December 31 of the year in which the commission presents its evaluation to the legislature unless the legislature retains the exemption.



(d) This section does not prohibit the legislature from repealing an exemption from the taxes imposed by Chapters 151, 152, 153, and 171 at a date earlier than the date provided by this section.

(e) The evaluation described by Subsection (b) and the repeal described by Subsection (c) do not apply to a tax exemption for an item or service that this state is unable to tax under the United States Constitution or federal law.

SECTION 1\_\_04. The Sunset Advisory Commission shall adopt a schedule for evaluating exemptions from property taxes and state taxes as provided by Section 325.023, Government Code, as added by this Act, on or before January 1, 2006.

Representative Chisum moved to table Amendment No. 29.

A record vote was requested.

The motion to table prevailed by (Record 106): 77 Yeas, 68 Nays, 1 Present, not voting.

Yeas — Allen, R.; Anderson; Baxter; Berman; Blake; Bohac; Bonnen; Branch; Brown, B.; Brown, F.; Callegari; Campbell; Casteel; Chisum; Cook, B.; Cook, R.; Corte; Crabb; Crownover; Davis, J.; Dawson; Delisi; Denny; Driver; Eissler; Flynn; Gattis; Goodman; Goolsby; Griggs; Hamilton; Hamric; Hardcastle; Hartnett; Hilderbran; Hill; Homer; Hope; Hopson; Howard; Hughes; Hunter; Hupp; Isett; Jackson; Jones, D.; Keel; Keffer, B.; Keffer, J.; King, P.; King, T.; Kolkhorst; Laney; Laubenberg; McReynolds; Miller; Morrison; Mowery; Nixon; Orr; Otto; Paxton; Phillips; Pitts; Ritter; Rose; Smith, W.; Smithee; Straus; Swinford; Talton; Taylor; Van Arsdale; West; Wong; Woolley; Zedler.

Nays — Allen, A.; Alonzo; Anchia; Bailey; Burnam; Castro; Chavez; Coleman; Davis, Y.; Deshotel; Dukes; Dunnam; Dutton; Edwards; Elkins; Escobar; Farabee; Farrar; Flores; Frost; Gallego; Giddings; Gonzales; Gonzalez Tourelles; Guillen; Haggerty; Harper-Brown; Herrero; Hochberg; Hodge; Jones, J.; Krusee; Kuempel; Leibowitz; Luna; Madden; Martinez; Martinez Fischer; McCall; McClendon; Menendez; Merritt; Moreno, J.; Moreno, P.; Naishtat; Noriega, M.; Oliveira; Olivo; Peña; Pickett; Puente; Quintanilla; Raymond; Reyna; Riddle; Rodriguez; Seaman; Smith, T.; Solis; Solomons; Strama; Thompson; Truitt; Turner; Uresti; Veasey; Villarreal; Vo.

Present, not voting — Mr. Speaker(C).

Absent, Excused — Eiland; Hegar.

Absent — Geren; Grusendorf.

### **Amendment No. 30**

Representative Elkins offered the following amendment to **CSHB 3**:

Amend **CSHB 3**, in Article 1 of the bill, by adding the following appropriately designated part to that article and redesignating subsequent parts of that article accordingly:

PART \_\_. DEPOSIT OF CERTAIN TRAFFIC PENALTIES  
IN FOUNDATION SCHOOL PROGRAM

SECTION 1 \_\_.01. Subchapter D, Chapter 542, Transportation Code, is amended by adding Section 542.405 to read as follows:

Sec. 542.405. DEPOSIT OF REVENUE FROM CERTAIN TRAFFIC PENALTIES FOR FOUNDATION SCHOOL PROGRAM. (a) In this section, "photographic traffic signal enforcement system" means a system that:

(1) consists of a camera system and vehicle sensor installed to exclusively work in conjunction with an electrically operated traffic-control signal;

(2) is capable of producing one or more recorded photographic or digital images that depict the license plate attached to the front or the rear of a motor vehicle that is not operated in compliance with the instructions of the traffic-control signal; and

(3) is designed to enforce compliance with the instructions of the traffic-control signal by imposition of a civil or administrative penalty against the owner of the motor vehicle.

(b) This section applies only to a civil or administrative penalty imposed on the owner of a motor vehicle by a local authority that operates or contracts for the operation of a photographic traffic signal enforcement system with respect to a highway under its jurisdiction or that operates or contracts for the operation of any other type of electronic traffic law enforcement system consisting of a camera system that automatically produces one or more recorded photographs or digital images of the license plate on a motor vehicle or the operator of a motor vehicle.

(c) Of the gross amount received by a local authority from the imposition of a civil or administrative penalty against the owner of a motor vehicle, the local authority may retain \$1 and shall remit the remainder to the comptroller for deposit to the credit of the Foundation School Fund.

(d) The comptroller shall adopt rules and forms to implement and enforce this section.

SECTION 1 \_\_.02. Section 542.405, Transportation Code, as added by this part, applies to revenue received by a local authority unit of this state from the imposition of a civil or administrative penalty on or after the effective date of this article, regardless of whether the penalty was imposed before, on, or after the effective date of this article.

Amendment No. 30 was adopted.

**Amendment No. 31**

Representative Miller offered the following amendment to **CSHB 3**:

Floor Packet Page No. 53

Amend **CSHB 3** by adding the following appropriately numbered section and renumbering the subsequent sections of the bill accordingly:

SECTION \_\_.(a) Section 25.07 (b), Tax Code, is amended to read as follows:

(b) Except as provided by Sections 11.11 (b) [~~Subsections (b)~~] and (c) [~~of Section 11.11 of this code~~], a leasehold or other possessory interest in exempt property may not be listed if:

(1) the property is permanent university fund land;  
(2) the property is county public school fund agricultural land;  
(3) the property is a part of a public transportation facility owned by an incorporated city or town and:

(A) is an airport passenger terminal building or a building used primarily for maintenance of aircraft or other aircraft services, for aircraft equipment storage, or for air cargo;

(B) is an airport fueling system facility;

(C) is in a foreign-trade zone:

(i) that has been granted to a joint airport board under Chapter 129, Acts of the 65th Legislature, Regular Session, 1977 (Article 1446.8, Vernon's Texas Civil Statutes);

(ii) the area of which in the portion of the zone located in the airport operated by the joint airport board does not exceed 2,500 acres; and

(iii) that is established and operating pursuant to federal law; or

(D) (i) is in a foreign trade zone established pursuant to federal law after June 1, 1991, which operates pursuant to federal law;

(ii) is contiguous to or has access via a taxiway to an airport located in two counties, one of which has a population of 500,000 or more according to the federal decennial census most recently preceding the establishment of the foreign trade zone; and

(iii) is owned, directly or through a corporation organized under the Development Corporation Act of 1979 (Article 5190.6, Vernon's Texas Civil Statutes), by the same incorporated city or town which owns the airport;

(4) the interest is in a part of:

(A) a park, market, fairground, or similar public facility that is owned by an incorporated city or town; or

(B) a convention center, visitor center, sports facility with permanent seating, concert hall, arena, or stadium that is owned by an incorporated city or town as such leasehold or possessory interest serves a governmental, municipal, or public purpose or function when the facility is open to the public, regardless of whether a fee is charged for admission;

(5) the interest involves only the right to use the property for grazing or other agricultural purposes;

(6) the property is owned by the Texas National Research Laboratory Commission or by a corporation formed by the Texas National Research Laboratory Commission under Section 465.008 (g), Government Code, and is used or is useful in connection with an eligible undertaking as defined by Section 465.021, Government Code; [~~or~~]

(7) the property is:

(A) owned by a municipality, a public port, or a navigation district created or operating under Section 59, Article XVI, Texas Constitution, or under a statute enacted under Section 59, Article XVI, Texas Constitution; and

(B) used as an aid or facility incidental to or useful in the operation or development of a port or waterway or in aid of navigation-related commerce; or

(8) the property is part of a rail facility owned by a rural rail transportation district created or operating under Chapter 623, Acts of the 67th Legislature, Regular Session, 1981 (Article 6550c, Vernon's Texas Civil Statutes).

(b) This Act applies only to the appraisal records for a tax year that begins on or after January 1, 2006.

(c) This Act takes effect January 1, 2006.

Amendment No. 31 was adopted.

### **Amendment No. 32**

Representative Rodriguez offered the following amendment to **CSHB 3**:  
Floor Packet Page No. 76

Amend **CSHB 3** BY ADDING THE FOLLOWING ARTICLE 6 AND RENUMBER SUBSEQUENT ARTICLES:

#### ARTICLE 6. RESIDENTIAL TENANT PROPERTY TAX RELIEF

SECTION 5.01. Title 1, Tax Code, is amended by adding Chapter 61 to read as follows:

#### CHAPTER 61. PROPERTY TAX RELIEF FOR RESIDENTIAL TENANTS

Sec. 61.001. PURPOSE. The purpose of this chapter is to ensure that residential rental tenants receive direct and immediate benefit from reductions in local school district ad valorem taxes until the benefit of that tax relief is fully reflected in rental rates through free market competition and that every residential landlord gives a monthly rent credit or rebate, at the landlord's option, to each tenant who is renting a residential dwelling unit in this state during 2006, 2007, and 2008.

Sec. 61.002. DEFINITIONS. In this chapter:

(1) "Landlord" means the owner, lessor, or sublessor of a dwelling unit, but does not include a manager or agent of the landlord unless the manager or agent purports to be the owner, lessor, or sublessor in a written or oral lease.

(2) "Lease" means a written or oral agreement between a landlord and tenant that establishes or modifies the terms, conditions, rules, or other provisions regarding the use and occupancy of a dwelling unit.

(3) "Multifamily rental dwelling property" means a multiunit residential property with two or more rental dwelling units. The term includes a duplex, apartment building, dormitory, manufactured housing community, retirement center or community, and assisted living center and any other multiunit rental residential property subject to local school district ad valorem taxes.

(4) "Rent" includes the total amount charged by a landlord, or by a person on the landlord's behalf, for the use and occupancy of a dwelling unit. The term does not include a refundable security deposit.

(5) "Rental dwelling unit" means one or more rooms rented for use as a permanent residence under a single lease to one or more tenants.

(6) "Tenant" means an individual who is authorized by a lease to occupy a dwelling to the exclusion of others other than cotenants and who is obligated under the lease to pay rent.

Sec. 61.003. APPLICABILITY. (a) This chapter applies only to a rental dwelling unit or multifamily rental dwelling property that is subject to ad valorem taxation by a school district.

(b) This chapter does not apply to a temporary residential tenancy created by a contract of sale under which the buyer is entitled to occupy the property before closing or the seller is entitled to occupy the property after closing for a term of not more than 90 days.

Sec. 61.004. CREDIT OR REBATE TO TENANT OF LANDLORD'S PROPERTY TAX SAVINGS. A landlord shall provide each of the landlord's tenants with a monthly credit or rebate on the tenant's rent to reflect a portion of the landlord's school district ad valorem tax savings for 2006, 2007, and 2008.

Sec. 61.005. NOTICE BY CHIEF APPRAISERS. (a) On or before October 1, 2005, or as soon as practicable after that date, the chief appraiser of each appraisal district shall send to all residential property owners a notice describing the requirements of this chapter. The notice shall contain language substantially similar to the following:

"Due to the property tax relief law approved by the 2005 Texas Legislature, residential landlords are required to pass along school district ad valorem tax savings to their tenants under all leases in effect as of January 1, 2006, and for all leases entered into in 2006, 2007, and 2008. These savings must be provided to tenants by giving a monthly rent credit or rebate that reflects a portion of the property tax savings on school property taxes. Failure to comply with this law could result in severe penalties, including a civil penalty of \$100, treble damages, and attorney's fees. Information on complying with this law is available by contacting the (name, address, and telephone number of appraisal district) or by contacting the Texas Comptroller of Public Accounts by calling 1-800-252-5555."

(b) The notice required under Subsection (a) may be sent to property owners as part of another communication sent by the appraisal district under Section 31.01 and is not required to be sent to property owners as a separate communication.

Sec. 61.006. TAX SAVINGS CALCULATIONS BY LANDLORDS. (a) For each year to which this chapter applies, a landlord shall determine the monthly school district ad valorem tax savings payable to the landlord's tenants as follows:

(1) the monthly rent credit or rebate for a single-family rental dwelling unit is equal to 6.25 percent of the difference between the amount of school district maintenance and operations taxes imposed on the dwelling unit for the 2005 tax year and the amount of the school district maintenance and operations taxes that would have been imposed on that dwelling unit for that year if the dwelling unit had been taxed at a school district maintenance and operations tax rate of 75 cents plus the school district enrichment tax rate in that tax year per \$100 of taxable value; and

(2) the monthly rent credit or rebate for a rental dwelling unit in a multifamily rental dwelling property is equal to 6.25 percent of the difference between the amount of school district maintenance and operations taxes imposed on the dwelling unit for the 2005 tax year and the amount of the school district maintenance and operations taxes that would have been imposed on that dwelling unit for that year if the dwelling unit had been taxed at the school district maintenance and operations tax rate of the current year, multiplied by the square footage in the tenant's dwelling unit, and divided by the total net rentable square footage of all rental dwelling units in the multifamily rental dwelling property.

(b) The amount of the rent credit or rebate under Subsection (a) shall be calculated on a per-dwelling-unit basis and not on a per-tenant basis.

(c) If the amount of the rent credit or rebate calculated under Subsection (a) is less than zero, the rent credit or rebate is zero.

Sec. 61.007. DATE OF REQUIRED CREDIT OR REBATE. (a) If a landlord gives a monthly credit to a tenant under this chapter, the landlord shall give the credit on the due date for each month's rent.

(b) If a landlord pays a monthly rent rebate to the tenant, the landlord shall pay the rebate not later than the 10th day after the date the tenant pays the entire rent due for the month. A landlord is presumed to have timely paid a rebate if the rebate is placed in the United States mail and postmarked on or before that date.

(c) If the tenant's rent is payable weekly, the amount of the weekly credit or rebate is equal to 1/52 of the credit or rebate for the entire year.

Sec. 61.008. LANDLORD'S NOTICE TO TENANTS. (a) In connection with each lease agreement for a rental dwelling unit entered into before January 1, 2006, that has not terminated or expired as of that date, the landlord shall provide a notice to each tenant on or before January 5, 2006, in boldface, 14-point or larger type, that substantially states the following:

"NOTICE OF TAX SAVINGS ON RENT

"Your current monthly rent on (insert unit number or street address) is \$(insert amount of rent).

"Because of the property tax relief law approved by the 2005 Texas Legislature, the amount of school district property taxes for your dwelling unit has been reduced by (insert percentage savings) percent. The property

tax relief law provides that the property owner must pass along tax savings to you and other tenants until sufficient time has elapsed for the tax relief to be fully reflected in rental rates through free market competition.

"Accordingly, you will receive a rent credit (or rebate check) of \$ (insert monthly prorated amount) for the current month of January and for each month thereafter until the date your current lease expires or December 31, 2008, whichever date is first. If the amount of taxes imposed on your dwelling unit is not increased or decreased, the cumulative amount of property tax savings that will be passed on to you during the term of your lease as a result of the 2005 property tax relief legislation is projected to be \$(insert cumulative savings for the unit for the term of the lease).

"This means the net rent you will be paying for this month and each subsequent month under your current lease will be \$(insert net rent rate), and your rent should also be lower if you enter into a new lease for any rental dwelling unit in Texas any time in 2006, 2007, or 2008, through the date your new lease term expires or December 31, 2008, whichever date is earlier.

"If you have any questions about this new law, please contact the County Appraisal District at (insert address and main phone number of the appraisal district established for the county in which the rental dwelling unit is located)."

(b) The notice required by Subsection (a) shall be translated and printed in English and Spanish. A notice provided by a landlord under this section must be provided in both languages if the rental dwelling unit is located in a county in which the Hispanic population exceeds 25 percent of the total population of that county according to the most recent federal census information available.

Sec. 61.010. CREDIT OR REBATE FOR MULTIPLE TENANTS. If two or more tenants are on a lease for the same rental dwelling unit, the credit or rebate under this chapter shall be provided jointly to all tenants renting the dwelling.

Sec. 61.011. PENALTIES. (a) A landlord who fails to comply with this chapter is liable to the affected tenant for a civil penalty of \$100 and treble the amount of any required rent credit or rebate that was not provided to the tenant.

(b) In a suit involving the payment of a rent credit or rebate, the prevailing party is entitled to recover reasonable attorney's fees from the nonprevailing party.

Sec. 61.012. TAX APPRAISALS. In tax years 2006-2008, a chief appraiser or an appraisal district may not consider a reduction of school district ad valorem taxes attributable to this chapter in any determination of the appraised value of a rental dwelling unit, real property containing a rental dwelling unit, or a multifamily rental dwelling property.

Sec. 61.013. EXPIRATION. This chapter expires January 1, 2009.

SECTION 5.02. Chapter 1, Tax Code, is amended by adding Section 1.16 to read as follows:

Sec. 1.16. The expiration of Chapter 61 does not affect the liability of a landlord or other person for any amount arising under Chapter 61 before the expiration, and the law governing that liability remains in effect notwithstanding the expiration for purposes of enforcing or satisfying the liability.

SECTION 5.03. Except as otherwise provided by this Act, this article takes effect January 1, 2006.

(Hegar now present)

Representative Isett moved to table Amendment No. 32.

A record vote was requested.

The motion to table prevailed by (Record 107): 96 Yeas, 47 Nays, 2 Present, not voting.

Yeas — Allen, R.; Anderson; Baxter; Berman; Blake; Bohac; Bonnen; Branch; Brown, B.; Brown, F.; Callegari; Campbell; Casteel; Castro; Chavez; Chisum; Cook, B.; Corte; Crabb; Crownover; Davis, J.; Dawson; Delisi; Denny; Driver; Eissler; Elkins; Farabee; Flynn; Frost; Gattis; Geren; Goodman; Goolsby; Griggs; Grusendorf; Haggerty; Hamilton; Hamric; Hardcastle; Harper-Brown; Hartnett; Hegar; Hilderbran; Hill; Homer; Hope; Hopson; Howard; Hughes; Hupp; Isett; Jackson; Jones, D.; Keel; Keffer, B.; Keffer, J.; King, P.; King, T.; Kolkhorst; Krusee; Kuempel; Laubenberg; Madden; McCall; McReynolds; Miller; Morrison; Mowery; Nixon; Orr; Otto; Paxton; Phillips; Pitts; Reyna; Riddle; Ritter; Rose; Seaman; Smith, T.; Smith, W.; Smithee; Solomons; Straus; Swinford; Talton; Taylor; Truitt; Turner; Van Arsdale; Vo; West; Wong; Woolley; Zedler.

Nays — Allen, A.; Alonzo; Bailey; Burnam; Coleman; Cook, R.; Davis, Y.; Deshotel; Dukes; Dunnam; Dutton; Edwards; Escobar; Farrar; Flores; Gallego; Gonzales; Gonzalez Tourelles; Guillen; Herrero; Hochberg; Hodge; Jones, J.; Leibowitz; Luna; Martinez; Martinez Fischer; McClendon; Menendez; Merritt; Moreno, J.; Moreno, P.; Naishtat; Noriega, M.; Oliveira; Olivo; Peña; Pickett; Puente; Quintanilla; Raymond; Rodriguez; Solis; Thompson; Uresti; Veasey; Villarreal.

Present, not voting — Mr. Speaker(C); Hunter.

Absent, Excused — Eiland.

Absent — Anchia; Giddings; Laney; Strama.

#### **STATEMENTS OF VOTE**

When Record No. 107 was taken, I was temporarily out of the house chamber. I would have voted no.

Anchia



I was shown voting yes on Record No. 107. I intended to vote no.

Castro

I was shown voting yes on Record No. 107. I intended to vote no.

Chavez

I was shown voting yes on Record No. 107. I intended to vote no.

Turner

I was shown voting yes on Record No. 107. I intended to vote present, not voting.

Vo

### **Amendment No. 33**

Representative Phillips offered the following amendment to **CSHB 3**:

Floor Packet Page No. 64

Amend **CSHB 3**, in Article 1 of the bill, by adding the following appropriately designated Part and redesignating subsequent Parts accordingly:

#### **PART \_\_. APPRAISAL DISTRICT BOARD OF DIRECTORS**

SECTION 1 \_\_.01. Sections 6.03(a)-(c) and (k)-(m), Tax Code, are amended to read as follows:

(a) The appraisal district is governed by a board of directors. The board consists of seven directors. Two directors are elected at the general election for state and county officers, and five [Five] directors are appointed by the taxing units that participate in the district as provided by this section. If the county assessor-collector is not appointed to the board, the county assessor-collector serves as a nonvoting director. The county assessor-collector is ineligible to serve if the board enters into a contract under Section 6.05(b) or if the commissioners court of the county enters into a contract under Section 6.24(b). To be eligible to serve on the board of directors, an individual other than a county assessor-collector serving as a nonvoting director must be a resident of the district and must have resided in the district for at least two years immediately preceding the date the individual takes office. An individual who is otherwise eligible to serve on the board as a member appointed by the taxing units participating in the district is not ineligible because of membership on the governing body of a taxing unit. An employee of a taxing unit that participates in the district is not eligible to serve on the board as a member appointed by the taxing units participating in the district unless the individual is also a member of the governing body or an elected official of a taxing unit that participates in the district.

(b) Members of the board of directors other than a county assessor-collector serving as a nonvoting director serve two-year terms. The terms of directors elected at a general election begin on January 1 of odd-numbered years. The terms of directors appointed by the taxing units begin [beginning] on January 1 of even-numbered years.

(c) Members of the board of directors other than a county assessor-collector serving as a nonvoting director and other than the members elected at the general election are appointed by vote of the governing bodies of the incorporated cities and towns, the school districts, and, if entitled to vote, the conservation and reclamation districts that participate in the district and of the county. A governing body may cast all its votes for one candidate or distribute them among candidates for any number of directorships. Conservation and reclamation districts are not entitled to vote unless at least one conservation and reclamation district in the district delivers to the chief appraiser a written request to nominate and vote on the board of directors by June 1 of each odd-numbered year. On receipt of a request, the chief appraiser shall certify a list by June 15 of all eligible conservation and reclamation districts that are imposing taxes and that participate in the district.

(k) The governing body of each taxing unit entitled to vote shall determine its vote by resolution and submit it to the chief appraiser before December 15. The chief appraiser shall count the votes, declare the five candidates who receive the largest cumulative vote totals appointed ~~[elected]~~, and submit the results before December 31 to the governing body of each taxing unit in the district and to the candidates. For purposes of determining the number of votes received by the candidates, the candidate receiving the most votes of the conservation and reclamation districts is considered to have received all of the votes cast by conservation and reclamation districts and the other candidates are considered not to have received any votes of the conservation and reclamation districts. The chief appraiser shall resolve a tie vote by any method of chance.

(l) If a vacancy occurs in an appointed position on the board of directors ~~[other than a vacancy in the position held by a county assessor-collector serving as a nonvoting director]~~, each taxing unit that is entitled to vote by this section may nominate by resolution adopted by its governing body a candidate to fill the vacancy. The unit shall submit the name of its nominee to the chief appraiser within 45 days after notification from the board of directors of the existence of the vacancy, and the chief appraiser shall prepare and deliver to the board of directors within the next five days a list of the nominees. The board of directors shall appoint ~~[elect]~~ by majority vote of its members one of the nominees to fill the vacancy. If a vacancy occurs in an elected position on the board of directors, the board of directors shall appoint by majority vote of its members a person to fill the vacancy. A person appointed to fill a vacancy in an elected position must have the qualifications required of a director elected at a general election.

(m) If a school district participates in an appraisal district in which the only property of the school district located in the appraisal district is property annexed to the school district under Subchapter C or G, Chapter 41, Education Code, an individual who does not meet the residency requirements of Subsection (a) is eligible to be appointed to the board of directors of the appraisal district by the taxing units participating in the appraisal district if:

(1) the individual is a resident of the school district; and

(2) the individual is nominated as a candidate for the board of directors by the school district or, if the taxing units have adopted a change in the method of appointing board members that does not require a nomination, the school district appoints or participates in the appointment of the individual.

SECTION 1\_\_02. Sections 6.031, 6.033, and 6.037, Tax Code, are amended to read as follows:

Sec. 6.031. CHANGES IN BOARD MEMBERSHIP [~~OR SELECTION~~].

(a) The board of directors of an appraisal district, by resolution adopted and delivered to each taxing unit participating in the district before August 15, may increase the number of members on the board of directors of the district to not more than 13, change the method or procedure for appointing the members appointed by the taxing units participating in the district, or both, unless the governing body of a taxing unit that is entitled to vote on the appointment of board members adopts a resolution opposing the change in the method or procedure for appointing those members, and files it with the board of directors before September 1. If a change in the method or procedure for appointing those members is rejected, the board shall notify, in writing, each taxing unit participating in the district before September 15.

(b) The taxing units participating in an appraisal district may increase the number of members on the board of directors of the district to not more than 13, change the method or procedure for appointing the members appointed by the taxing units participating in the district, or both, if the governing bodies of three-fourths of the taxing units that are entitled to vote on the appointment of board members adopt resolutions providing for the change. However, a change under this subsection in the method or procedure for selecting members appointed by the taxing units participating in the district is not valid if it reduces the voting entitlement of one or more taxing units that do not adopt a resolution proposing it to less than a majority of the voting entitlement under Section 6.03 [~~of this code~~] or if it reduces the voting entitlement of any taxing unit that does not adopt a resolution proposing it to less than 50 percent of its voting entitlement under Section 6.03 [~~of this code~~] and if that taxing unit's allocation of the budget is not reduced to the same proportional percentage amount, or if it expands the types of taxing units that are entitled to vote on appointment of board members.

(c) An official copy of a resolution under this section must be filed with the chief appraiser of the appraisal district after June 30 and before October 1 [~~of a year in which board members are appointed~~] or the resolution is ineffective.

(d) Before October 5 [~~of each year in which board members are appointed,~~] the chief appraiser shall determine whether a sufficient number of eligible taxing units have filed valid resolutions proposing a change for the change to take effect. The chief appraiser shall notify each taxing unit participating in the district of each change that is adopted before October 10. A change in the method or procedure for selecting members appointed by the taxing units participating in the district that is adopted takes effect on the date the chief appraiser notifies the taxing units of the change. An increase in the number of members of the board takes effect on January 1 of the first year after the date the chief appraiser notifies the taxing units of the increase.

(e) If the number of members of the board is increased under this section, at least one-half of the total number of members, as increased, shall be elected at the general election for state and county officers. The board of directors by majority vote of its members may increase the number of members to be elected to more than the minimum number required by this subsection.

(f) A change in [~~membership or~~] selection of the board members appointed by the taxing units participating in the district made as provided by this section remains in effect until changed in a manner provided by this section or rescinded by resolution of a majority of the governing bodies that are entitled to vote on appointment of board members under Section 6.03 [~~of this code~~].

(g) [~~(f)~~] A provision of Section 6.03 [~~of this code~~] that is subject to change under this section but is not expressly changed by resolution of a sufficient number of eligible taxing units remains in effect.

(h) [~~(g)~~] For purposes of this section, the conservation and reclamation districts in an appraisal district are considered to be entitled to vote on the appointment of appraisal district directors if:

(1) a conservation and reclamation district has filed a request to the chief appraiser to nominate and vote on directors in the current year as provided by Section 6.03(c); or

(2) conservation and reclamation districts were entitled to vote on the appointment of directors in the appraisal district in the most recent year in which directors were appointed under Section 6.03.

Sec. 6.033. RECALL OF DIRECTOR APPOINTED BY TAXING UNITS PARTICIPATING IN APPRAISAL DISTRICT. (a) The governing body of a taxing unit may call for the recall of a member of the board of directors of an appraisal district appointed by the taxing units participating in the district under Section 6.03 [~~of this code~~] for whom the unit cast any of its votes in the appointment of the board. The call must be in the form of a resolution, be filed with the chief appraiser of the appraisal district, and state that the unit is calling for the recall of the member. If a resolution calling for the recall of a board member is filed under this subsection, the chief appraiser, not later than the 10th day after the date of filing, shall deliver a written notice of the filing of the resolution and the date of its filing to the presiding officer of the governing body of each taxing unit entitled to vote in the appointment of board members.

(b) On or before the 30th day after the date on which a resolution calling for the recall of a member of the board appointed by the taxing units participating in the district is filed, the governing body of a taxing unit that cast any of its votes in the appointment of the board for that member may vote to recall the member by resolution submitted to the chief appraiser. Each taxing unit is entitled to the same number of votes in the recall as it cast for that member in the appointment of the board. The governing body of the taxing unit calling for the recall may cast its votes in favor of the recall in the same resolution in which it called for the recall.

(c) Not later than the 10th day after the last day provided by this section for voting in favor of the recall, the chief appraiser shall count the votes cast in favor of the recall. If the number of votes in favor of the recall equals or exceeds a majority of the votes cast for the member in the appointment of the board, the

member appointed by the taxing units participating in the district is recalled and ceases to be a member of the board. The chief appraiser shall immediately notify in writing the presiding officer of the appraisal district board of directors and of the governing body of each taxing unit that voted in the recall election of the outcome of the recall election. If the presiding officer of the appraisal district board of directors is the member whose recall was voted on, the chief appraiser shall also notify the secretary of the appraisal district board of directors of the outcome of the recall election.

(d) If a vacancy occurs on the board of directors after the recall of a member of the board appointed by the taxing units participating in the district under this section, the taxing units that were entitled to vote in the recall election shall appoint a new board member. Each taxing unit is entitled to the same number of votes as it originally cast to appoint the recalled board member. Each taxing unit entitled to vote may nominate one candidate by resolution adopted by its governing body. The presiding officer of the governing body of the unit shall submit the name of the unit's nominee to the chief appraiser on or before the 30th day after the date it receives notification from the chief appraiser of the result of the recall election. On or before the 15th day after the last day provided for a nomination to be submitted, the chief appraiser shall prepare a ballot, listing the candidates nominated alphabetically according to each candidate's surname, and shall deliver a copy of the ballot to the presiding officer of the governing body of each taxing unit that is entitled to vote. On or before the 15th day after the date on which a taxing unit's ballot is delivered, the governing body of the taxing unit shall determine its vote by resolution and submit it to the chief appraiser. On or before the 15th day after the last day on which a taxing unit may vote, the chief appraiser shall count the votes, declare the candidate who received the largest vote total appointed, and submit the results to the presiding officer of the governing body of the appraisal district and of each taxing unit in the district and to the candidates. The chief appraiser shall resolve a tie vote by any method of chance.

(e) If the members appointed by the taxing units participating in the district to the board of directors of an appraisal district are ~~are~~ appointed by a method or procedure adopted under Section 6.031 ~~[of this code]~~, the governing bodies of the taxing units that voted for or otherwise participated in the appointment of a member of the board may recall that member and appoint a new member to the vacancy by any method adopted by resolution of a majority of those governing bodies. If the appointment was by election by the taxing units participating in the district, the method of recall and of appointing a new member to the vacancy is not valid unless it provides that each taxing unit is entitled to the same number of votes in the recall and in the appointment to fill the vacancy as it originally cast for the member being recalled.

Sec. 6.037. PARTICIPATION OF CONSERVATION AND RECLAMATION DISTRICTS IN APPRAISAL DISTRICT MATTERS. In this title, a reference to the taxing units entitled to vote on the appointment of appraisal district board members includes the conservation and reclamation districts participating in the appraisal district, without regard to whether the

conservation and reclamation districts are currently entitled to do so under Section 6.03(c). In a provision of this title other than Section 6.03 or 6.031 that grants authority to a majority or other number of the taxing units entitled to vote on the appointment of appraisal district directors, including the disapproval of the appraisal district budget under Section 6.06 [~~and the disapproval of appraisal district board actions under Section 6.10~~], the conservation and reclamation districts participating in the appraisal district are given the vote or authority of one taxing unit. That vote or authority is considered exercised only if a majority of the conservation and reclamation districts take the same action to exercise that vote or authority. Otherwise, the conservation and reclamation districts are treated in the same manner as a single taxing unit that is entitled to act but does not take any action on the matter.

SECTION 1 \_\_.03. Section 42.005(a), Election Code, is amended to read as follows:

(a) A county election precinct, including a consolidated precinct, may not contain territory from more than one of each of the following types of territorial units:

- (1) a commissioners precinct;
- (2) a justice precinct;
- (3) a congressional district;
- (4) a state representative district;
- (5) a state senatorial district;
- (6) a ward in a city with a population of 10,000 or more; [or]
- (7) a State Board of Education district; or
- (8) an appraisal district established under Chapter 6, Tax Code.

SECTION 1 \_\_.04. Section 52.092(d), Election Code, is amended to read as follows:

(d) District offices of the state government shall be listed in the following order:

- (1) member, State Board of Education;
- (2) state senator;
- (3) state representative;
- (4) chief justice, court of appeals;
- (5) justice, court of appeals;
- (6) district judge;
- (7) criminal district judge;
- (8) family district judge;
- (9) district attorney;
- (10) criminal district attorney;
- (11) appraisal district director.

SECTION 1 \_\_.05. Section 172.024, Election Code, is amended by adding Subsection (c) to read as follows:

(c) For the office of appraisal district director, the filing fee for a candidate for nomination in the general primary election is \$200.

SECTION 1 \_\_.06. Sections 6.034 and 6.10, Tax Code, are repealed.

SECTION 1\_\_07. (a) Appraisal district directors shall be elected as provided by Section 6.03, Tax Code, as amended by this Act, beginning with the primary and general elections conducted in 2006. Members then elected take office January 1, 2007.

(b) The change in the manner of selection of appraisal district directors made by this Act does not affect the selection of directors who serve on the board before January 1, 2007.

(c) The term of an appraisal district director serving on December 31, 2006, expires on January 1, 2007.

SECTION 1\_\_08. (a) Except as provided by Subsection (b) of this section, this Part takes effect January 1, 2007.

(b) This section and Sections 1\_\_03, 1\_\_04, 1\_\_05, and 1\_\_07 of this Part take effect September 1, 2005.

Representative J. Keffer moved to table Amendment No. 33.

A record vote was requested.

The motion to table prevailed by (Record 108): 115 Yeas, 23 Nays, 1 Present, not voting.

Yeas — Allen, A.; Allen, R.; Alonzo; Bailey; Berman; Blake; Bonnen; Branch; Brown, F.; Burnam; Callegari; Campbell; Casteel; Chisum; Coleman; Cook, B.; Corte; Crownover; Davis, J.; Davis, Y.; Dawson; Delisi; Denny; Deshotel; Driver; Dukes; Dunnam; Dutton; Eissler; Elkins; Escobar; Farabee; Farrar; Flores; Flynn; Frost; Gallego; Gattis; Giddings; Gonzales; Gonzalez Toureilles; Goodman; Goolsby; Griggs; Grusendorf; Guillen; Haggerty; Hamric; Hardcastle; Hartnett; Hegar; Herrero; Hochberg; Homer; Hope; Hopson; Howard; Hunter; Hupp; Isett; Jackson; Jones, D.; Jones, J.; Keffer, B.; Keffer, J.; King, T.; Kolkhorst; Krusee; Kuempel; Laney; Laubenberg; Leibowitz; Luna; Martinez; Martinez Fischer; McCall; Menendez; Merritt; Miller; Moreno, J.; Moreno, P.; Naishtat; Nixon; Oliveira; Olivo; Orr; Otto; Paxton; Pickett; Pitts; Puente; Quintanilla; Raymond; Reyna; Rodriguez; Rose; Seaman; Smith, T.; Smith, W.; Smithee; Solis; Solomons; Straus; Swinford; Taylor; Thompson; Truitt; Turner; Uresti; Van Arsdale; Veasey; Villarreal; West; Wong; Woolley.

Nays — Anderson; Baxter; Bohac; Brown, B.; Chavez; Cook, R.; Crabb; Geren; Hamilton; Harper-Brown; Hilderbran; Hill; Hughes; Keel; Madden; McReynolds; Mowery; Peña; Phillips; Ritter; Talton; Vo; Zedler.

Present, not voting — Mr. Speaker(C).

Absent, Excused — Eiland.

Absent — Anchia; Castro; Edwards; Hodge; King, P.; McClendon; Morrison; Noriega, M.; Riddle; Strama.

#### STATEMENTS OF VOTE

I was shown voting yes on Record No. 108. I intended to vote no.

Blake

I was shown voting yes on Record No. 108. I intended to vote no.

Elkins

When Record No. 108 was taken, I was in the house but away from my desk. I would have voted yes.

Hodge

I was shown voting yes on Record No. 108. I intended to vote no.

Kuempel

When Record No. 108 was taken, I was in the house but away from my desk. I would have voted yes.

McClendon

When Record No. 108 was taken, I was in the house but away from my desk. I would have voted yes.

M. Noriega

I was shown voting yes on Record No. 108. I intended to vote no.

Otto

When Record No. 108 was taken, I was temporarily out of the house chamber. I would have voted yes.

Strama

### **Amendment No. 34**

Representative Y. Davis offered the following amendment to **CSHB 3**:

Floor Packet Page No. 84

Amend **CSHB 3**, by striking Article 2. Reformed Franchise Tax in its entirety, and by adding the following new sections and renumbering any remaining sections accordingly:

SECTION \_\_. Amend Section 151.318(a), (b) and (c) Tax Code, as follows:

Sec. 151.31. **PROPERTY USED IN MANUFACTURING.** (a) The following items are subject to the sales tax at a rate of 1.56 percent ~~[exempted from the taxes imposed by this chapter]~~ if sold, leased, or rented to, or stored, used, or consumed by a manufacturer:

(1) tangible personal property that will become an ingredient or component part of tangible personal property manufactured, processed, or fabricated for ultimate sale;

(2) tangible personal property directly used or consumed in or during the actual manufacturing, processing, or fabrication of tangible personal property for ultimate sale if the use or consumption of the property is necessary or essential to the manufacturing, processing, or fabrication operation and directly makes or causes a chemical or physical change to:

(A) the product being manufactured, processed, or fabricated for ultimate sale; or



(B) any intermediate or preliminary product that will become an ingredient or component part of the product being manufactured, processed, or fabricated for ultimate sale;

(3) services performed directly on the product being manufactured prior to its distribution for sale and for the purpose of making the product more marketable;

(4) actuators, steam production equipment and its fuel, in-process flow through tanks, cooling towers, generators, heat exchangers, transformers and the switches, breakers, capacitor banks, regulators, relays, reclosers, fuses, interrupters, reactors, arrestors, resistors, insulators, instrument transformers, and telemetry units that are related to the transformers, electronic control room equipment, computerized control units, pumps, compressors, and hydraulic units, that are used to power, supply, support, or control equipment that qualifies for exemption under Subdivision (2) or (5) or to generate electricity, chilled water, or steam for ultimate sale; transformers located at an electric generating facility that increase the voltage of electricity generated for ultimate sale, the electrical cable that carries the electricity from the electric generating equipment to the step-up transformers, and the switches, breakers, capacitor banks, regulators, relays, reclosers, fuses, interrupters, reactors, arrestors, resistors, insulators, instrument transformers, and telemetry units that are related to the step-up transformers; and transformers that decrease the voltage of electricity generated for ultimate sale and the switches, breakers, capacitor banks, regulators, relays, reclosers, fuses, interrupters, reactors, arrestors, resistors, insulators, instrument transformers, and telemetry units that are related to the step-down transformers;

(5) tangible personal property used or consumed in the actual manufacturing, processing, or fabrication of tangible personal property for ultimate sale if the use or consumption of the property is necessary and essential to a pollution control process;

(6) lubricants, chemicals, chemical compounds, gases, or liquids that are used or consumed during the actual manufacturing, processing, or fabrication of tangible personal property for ultimate sale if their use or consumption is necessary and essential to prevent the decline, failure, lapse, or deterioration of equipment exempted by this section;

(7) gases used on the premises of a manufacturing plant to prevent contamination of raw material or product, or to prevent a fire, explosion, or other hazardous or environmentally damaging situation at any stage in the manufacturing process or in loading or storage of the product or raw material on premises;

(8) tangible personal property used or consumed during the actual manufacturing, processing, or fabrication of tangible personal property for ultimate sale if the use or consumption of the property is necessary and essential to a quality control process that tests tangible personal property that is being manufactured, processed, or fabricated for ultimate sale;

(9) safety apparel or work clothing that is used during the actual manufacturing, processing, or fabrication of tangible personal property for ultimate sale if:

(A) the manufacturing process would not be possible without the use of the apparel or clothing; and

(B) the apparel or clothing is not resold to the employee;

(10) tangible personal property used or consumed in the actual manufacturing, processing, or fabrication of tangible personal property for ultimate sale if the use or consumption of the property is necessary and essential to comply with federal, state, or local laws or rules that establish requirements related to public health; and

(11) tangible personal property specifically installed to:

(A) reduce water use and wastewater flow volumes from the manufacturing, processing, fabrication, or repair operation;

(B) reuse and recycle wastewater streams generated within the manufacturing, processing, fabrication, or repair operations; or

(C) treat wastewater from another industrial or municipal source for the purpose of replacing existing freshwater sources in the manufacturing, processing, fabrication, or repair operation.

(b) the following items are exempted from the taxes imposed by this chapter [exemption includes]:

(1) chemicals, catalysts, and other materials that are used during a manufacturing, processing, or fabrication operation to produce or induce a chemical or physical change, to remove impurities, or to make the product more marketable;

(2) semiconductor fabrication cleanrooms and equipment; and

(3) pharmaceutical biotechnology cleanrooms and equipment that are installed as part of the construction of a new facility with a value of at least \$150 million and on which construction began after July 1, 2003, and before August 31, 2004.

(c) The following items are subject to the tax imposed by this Chapter at the rate under Section 151.051(b) [The exemption does not include]:

(1) intraplant transportation equipment, including intraplant transportation equipment used to move a product or raw material in connection with the manufacturing process and specifically including all piping and conveyor systems, provided that the following remain eligible for the exemption:

(A) piping or conveyor systems that are a component part of a single item of manufacturing equipment or pollution control equipment eligible for the exemption under Subsection (a)(2), (a)(4), or (a)(5);

(B) piping through which the product or an intermediate or preliminary product that will become an ingredient or component part of the product is recycled or circulated in a loop between the single item of manufacturing equipment and the ancillary equipment that supports only that single item of manufacturing equipment if the single item of manufacturing equipment and the ancillary equipment operate together to perform a specific step in the manufacturing process; and

(C) piping through which the product or an intermediate or preliminary product that will become an ingredient or component part of the product is recycled back to another single item of manufacturing equipment and its ancillary equipment in the same manufacturing process;

- (2) hand tools;
- (3) maintenance supplies not otherwise exempted under this section, maintenance equipment, janitorial supplies or equipment, office equipment or supplies, equipment or supplies used in sales or distribution activities, research or development of new products, or transportation activities;
- (4) machinery and equipment or supplies to the extent not otherwise exempted under this section used to maintain or store tangible personal property; or
- (5) tangible personal property used in the transmission or distribution of electricity, including transformers, cable, switches, breakers, capacitor banks, regulators, relays, reclosers, fuses, interruptors, reactors, arrestors, resistors, insulators, instrument transformers, and telemetry units not otherwise exempted under this section, and lines, conduit, towers, and poles.

Amendment No. 34 was withdrawn.

### **Amendment No. 35**

Representative Martinez Fischer offered the following amendment to **CSHB 3**:

Floor Packet Page No. 94

Amend **CSHB 3** by adding the following appropriately numbered section to the bill and renumbering subsequent section of the bill appropriately:

SECTION \_\_\_\_\_. SECTION 2.01, Title 2, Tax Code, is amended by adding Section 251.0085 to read as follows:

Sec. 251.0085 EXEMPTION FOR SMALL BUSINESS ENTITIES. The Tax imposed under this chapter does not apply to employers with 25 or fewer employees.

SECTION \_\_\_\_\_. SECTION 6.01, Section 162.104(6), Tax Code, is repealed.

SECTION \_\_\_\_\_. SECTION 6.02, Chapter 162 of the Tax code is amended by adding Section 162.506 to read as follows:

#### Article 6. Aviation Fuel Tax

Sec. 162.506 Aviation Fuel Tax. A per gallon tax that is sufficient to fund SECTION 2.01, Tax Code, as amended by adding Sec. 251.0085, on gasoline that is delivered or sold into a storage facility of a licensed aviation fuel dealer from which gasoline will be delivered solely into the fuel supply tanks of aircraft or aircraft servicing equipment, or sold from one licensed aviation fuel dealer to another licensed aviation fuel dealer who will deliver the aviation fuel exclusively into the fuel supply tanks of aircraft or aircraft servicing equipment.

Amendment No. 35 was withdrawn.

### **Amendment No. 36**

Representative Merritt offered the following amendment to **CSHB 3**:

Floor Packet Page No. 821

Amend **CSHB 3** as follows:

- (1) On page 26, line 3, between "PRIVILEGES." and "The", insert "(a)".
- (2) On page 26, line 8, strike "or".

(3) On page 26, line 12, between "tax" and the period, insert the following:  
"; or

(3) is convicted of an offense or is assessed a civil penalty exceeding \$1,000 under Subchapter D, Chapter 253, Election Code".

(4) On page 26, between lines 12 and 13, insert the following:

"(b) The provisions of this subchapter relating to the revival of corporate privileges do not apply to a corporation whose corporate privileges are revoked under Subsection (a) (3)."

(5) Add the following appropriately numbered Article to the bill and renumber subsequent Articles and Sections of the bill accordingly:

ARTICLE   . POLITICAL CONTRIBUTIONS AND EXPENDITURES BY  
CORPORATIONS AND CERTAIN OTHER ENTITIES

SECTION 1. Section 251.001, Election Code, is amended by amending Subdivisions (2) and (8) and adding Subdivisions (21)-(27) to read as follows:

(2) "Contribution" means a direct or indirect transfer of money, goods, services, or any other thing of value and includes an agreement made or other obligation incurred, whether legally enforceable or not, to make a transfer. The term:

(A) includes:

(i) a loan or extension of credit, other than those expressly excluded by this subdivision;

(ii) [~~and~~] a guarantee of a loan or extension of credit, including a loan described by Subparagraph (i); or

(iii) a coordinated expenditure; and

(B) [~~this subdivision. The term~~] does not include:

(i) [~~(A)~~] a loan made in the due course of business by a corporation that is legally engaged in the business of lending money and that has conducted the business continuously for more than one year before the loan is made; or

(ii) [~~(B)~~] an expenditure required to be reported under Section 305.006 (b), Government Code.

(8) "Direct campaign expenditure" means an ~~a campaign~~ expenditure by a person for a communication that is express advocacy or an electioneering communication and that is not a coordinated expenditure with a candidate, officeholder, political committee, or agent of a candidate, officeholder, or political committee [~~that does not constitute a campaign contribution by the person making the expenditure~~].

(21) "Restricted class" means the group of individuals who:

(A) for a corporation, are the stockholders, employees, and families of the stockholders and employees of the corporation or the corporation's subsidiaries, branches, divisions, affiliates, or departments; or

(B) for a labor organization, are the members, employees, and families of the members and employees of the labor organization.

(22) "Coordinated expenditure" means an expenditure described by Section 251.010.

(23) "Electioneering communication" means a communication that:

(A) is disseminated by a broadcast, cable, or satellite communication, a mass mailing, or a telephone bank;

(B) refers to a clearly identified candidate;

(C) is publicly distributed:

(i) on or after the 60th day before the general, special, or runoff election in which the clearly identified candidate seeks election; or

(ii) on or after the 30th day before the primary election in which the clearly identified candidate seeks election;

(D) is targeted to the clearly identified candidate's relevant electorate; and

(E) is not:

(i) a public communication that refers to a clearly identified candidate appearing in a news story, commentary, editorial, or work intended for entertainment distributed through the facilities of a bona fide broadcasting station, newspaper, magazine, or other publication, unless such facilities are owned or controlled by a political party, political committee, or candidate; or

(ii) a communication to the restricted class of the person making the communication.

(24) A communication is "targeted to the clearly identified candidate's relevant electorate" if it can be received by at least the lesser of 50,000 people or two percent of those eligible to vote for the candidate, as specified by the secretary of state. Notwithstanding this subdivision, a communication is not "targeted to the clearly identified candidate's relevant electorate" if it can only be received by fewer than 500 people.

(25) "Mass mailing" means the mailing or facsimile transmission of more than 500 identical or substantially similar documents within a 30-day period.

(26) A communication is made by a "telephone bank" if more than 500 telephone calls with an identical or substantially similar message are made within a 30-day period.

(27) "Express advocacy" means a communication that refers to a clearly identified candidate and that expressly advocates for or against the candidate, regardless of the words contained in the communication. The term "express advocacy" does not include:

(A) a communication that refers to a clearly identified candidate appearing in a news story, commentary, editorial, or work intended for entertainment distributed through the facilities of a bona fide broadcasting station, newspaper, magazine, or other publication, unless such facilities are owned or controlled by a political party, political committee, or candidate; or

(B) a communication to the restricted class of the person making the communication.

SECTION \_\_.02. Subchapter A, Chapter 251, Election Code, is amended by adding Section 251.010 to read as follows:

Sec. 251.010. COORDINATED EXPENDITURES. (a) An expenditure is coordinated with a candidate, officeholder, or political committee if the expenditure is made:

(1) in cooperation, consultation, or concert with, at the request or suggestion of, or under an understanding with the candidate, officeholder, or political committee or an agent acting on behalf of the candidate, officeholder, or committee;

(2) wholly or partly for the production, dissemination, distribution, or publication of political advertising or a campaign communication prepared by the candidate, officeholder, or political committee or an agent acting on behalf of the candidate, officeholder, or committee;

(3) by a person based on information that the candidate, officeholder, or political committee or an agent acting on behalf of the candidate, officeholder, or committee provides to the person about a candidate's, officeholder's, or committee's plans, projects, or needs to the person making the expenditure with the intent that the expenditure be made;

(4) by a person who, in the same semi-annual reporting period as that in which the expenditure is made, is serving or has served in an executive or policymaking position as a member, employee, fund-raiser, or agent of the candidate, officeholder, or political committee or an agent acting on behalf of the candidate, officeholder, or committee;

(5) by a person who retains the professional advisory or consulting services of another person who has provided or is providing campaign-related services in the same semi-annual reporting period as that in which the expenditure is made to the candidate or officeholder, including services relating to the candidate's or officeholder's decision to seek the office;

(6) for fund-raising activities with or for the candidate, officeholder, or political committee or an agent acting on behalf of the candidate, officeholder, or committee, or for the solicitation or receipt of political contributions on behalf of the candidate, officeholder, or political committee or an agent acting on behalf of the candidate, officeholder, or committee; or

(7) for a communication that clearly identifies a candidate if the person making the expenditure informs the candidate, officeholder, or political committee or an agent acting on behalf of the candidate, officeholder, or committee about the communication's contents, intended audience, timing, location, mode, or frequency of dissemination, and the candidate, officeholder, committee, or agent approves the communication.

(b) An expenditure is coordinated with a political party if the expenditure is made in cooperation, consultation, or concert with, at the request or suggestion of, or under an understanding with the political party or an agent acting on behalf of the party.

SECTION \_\_\_\_.03. The changes in law made by this article apply only to a contribution or expenditure made on or after September 1, 2005. A contribution or expenditure made before September 1, 2005, is governed by the law in effect immediately before that date, and the former law is continued in effect for that purpose.

SECTION \_\_\_\_.04. This Article takes effect September 1, 2005.

Amendment No. 36 was withdrawn.

**Amendment No. 37**

Representative Geren offered the following amendment to **CSHB 3**:

Floor Packet Page No. 142

Amend **CSHB 3** as follows:

(1) On page 22, between lines 12 and 13, insert:

Sec. 251.018. CREDIT FOR CERTAIN BUSINESSES. (a) Subject to Subsection (b) and (c), a taxable business that pays a tax under this chapter is entitled to a credit under this chapter. The business must:

(1) have over 15,000 employees and contract with the United States Department of Defense; or

(2) have charges and fees levied or collected by the State and political subdivisions under the authority of 49 U.S.C. Sec. 40116(e) (2).

(b) A taxable business as described by subsection (a)(1) is entitled to a credit of the entire amount of sales and use tax and ad valorem tax paid to this state or a political subdivision of this state against half of the tax paid under this chapter.

(c) A taxable business as described by Subsection (a)(2) is entitled to a credit of the entire amount of charges and fees levied or collected by this state or a political subdivision of this state under the authority of 49 U.S.C. Section 40116(e)(2) against half of the tax paid under this chapter. The credit shall accrue in the quarter in which the charge or fee is paid.

(d) A taxable business may not receive a credit in an amount that exceeds the amount of tax or assessment due after applying any other credits. The taxable business may carry any unused credit forward for not more that five years but it may not, at any time, receive a credit in an amount that exceeds the amount of the tax or assessment due, after applying any other credits.

(e) A taxable business may not convey, assign, or transfer the credit allowed under this section to another entity unless all of the assets of the business are conveyed, assigned, or transferred in the same transaction.

(2) On page 38, strike lines 10 and 11 and substitute:

Sec. 151.423. REIMBURSEMENT TO TAXPAYER FOR TAX COLLECTIONS. A taxpayer may deduct and withhold .016 [~~one-half~~] of one percent of the amount of taxes due from the taxpayer on a timely return as reimbursement for the cost of collecting the taxes imposed by this chapter. The comptroller shall provide a card with each form distributed for the collection of taxes under this chapter. The card may be inserted by the taxpayer with the tax payment to provide for contribution of all or part of the reimbursement provided by this section for use as grants under Subchapter M, Chapter 56, Education Code. If the taxpayer chooses to contribute the reimbursement for the grants, the taxpayer shall include the amount of the reimbursement contribution with the tax payment. The comptroller shall transfer money contributed under this section for grants under Subchapter M, Chapter 56, Education Code, to the appropriate fund.

**Amendment No. 38**

Representative Geren offered the following amendment to Amendment No. 37:

Floor Packet Page No. 807

Amend Amendment No. 37 by Geren to **CSHB 3** as follows:

~~(1) On page 22, between lines 12 and 13, insert:~~

~~Sec. 251.018. CREDIT FOR CERTAIN BUSINESSES. (a) Subject to Subsection (b) and (c), a taxable business that pays a tax under this chapter is entitled to a credit under this chapter. The business must:~~

~~(1) have over 15,000 employees and contract with the United States Department of Defense; or~~

~~(2) have charges and fees levied or collected by the State and political subdivisions under the authority of 49 U.S.C. Sec. 40116(e) (2);~~

~~(b) A taxable business as described by subsection (a)(1) is entitled to a credit of the entire amount of sales and use tax and ad valorem tax paid to this state or a political subdivision of this state against half of the tax paid under this chapter.~~

~~(c) A taxable business as described by Subsection (a)(2) is entitled to a credit of the entire amount of charges and fees levied or collected by this state or a political subdivision of this state under the authority of 49 U.S.C. Section 40116(e)(2) against half of the tax paid under this chapter. The credit shall accrue in the quarter in which the charge or fee is paid.~~

~~(d) A taxable business may not receive a credit in an amount that exceeds the amount of tax or assessment due after applying any other credits. The taxable business may carry any unused credit forward for not more than five years but it may not, at any time, receive a credit in an amount that exceeds the amount of the tax or assessment due, after applying any other credits.~~

~~(e) A taxable business may not convey, assign, or transfer the credit allowed under this section to another entity unless all of the assets of the business are conveyed, assigned, or transferred in the same transaction.~~

~~(2) On page 38, strike lines 10 and 11 and substitute:~~

Sec. 151.423. REIMBURSEMENT TO TAXPAYER FOR TAX COLLECTIONS. A taxpayer may deduct and withhold .33 [~~one-half~~] of one percent of the amount of taxes due from the taxpayer on a timely return as reimbursement for the cost of collecting the taxes imposed by this chapter. The comptroller shall provide a card with each form distributed for the collection of taxes under this chapter. The card may be inserted by the taxpayer with the tax payment to provide for contribution of all or part of the reimbursement provided by this section for use as grants under Subchapter M, Chapter 56, Education Code. If the taxpayer chooses to contribute the reimbursement for the grants, the taxpayer shall include the amount of the reimbursement contribution with the tax payment. The comptroller shall transfer money contributed under this section for grants under Subchapter M, Chapter 56, Education Code, to the appropriate fund.

Amendment No. 38 was adopted.



Amendment No. 37, as amended, was adopted. (Hochberg and Vo recorded voting no; Kolkhorst recorded voting present, not voting.)

### REASON FOR VOTE

I request to be shown present, not voting because I am a retailer. I do have great concern about lowering the on-time discount to retailers especially when the sales tax is proposed to be higher, furthering the tax responsibility on the local retailer.

Kolkhorst

### Amendment No. 39

Representative Y. Davis offered the following amendment to **CSHB 3**:  
Floor Packet Page No. 147

Amend **CSHB 3**, by striking SECTION 3A.01 and by adding the following new sections and renumbering any remaining sections accordingly:

SECTION \_\_\_\_ . Amend Section 151.318(a), (b) and (c) Tax Code, as follows:

Sec. 151.31. PROPERTY USED IN MANUFACTURING. (a) The following items are subject to the sales tax at a rate of 3.25 percent ~~[exempted from the taxes imposed by this chapter]~~ if sold, leased, or rented to, or stored, used, or consumed by a manufacturer:

(1) tangible personal property that will become an ingredient or component part of tangible personal property manufactured, processed, or fabricated for ultimate sale;

(2) tangible personal property directly used or consumed in or during the actual manufacturing, processing, or fabrication of tangible personal property for ultimate sale if the use or consumption of the property is necessary or essential to the manufacturing, processing, or fabrication operation and directly makes or causes a chemical or physical change to:

(A) the product being manufactured, processed, or fabricated for ultimate sale; or

(B) any intermediate or preliminary product that will become an ingredient or component part of the product being manufactured, processed, or fabricated for ultimate sale;

(3) services performed directly on the product being manufactured prior to its distribution for sale and for the purpose of making the product more marketable;

(4) actuators, steam production equipment and its fuel, in-process flow through tanks, cooling towers, generators, heat exchangers, transformers and the switches, breakers, capacitor banks, regulators, relays, reclosers, fuses, interruptors, reactors, arrestors, resistors, insulators, instrument transformers, and telemetry units that are related to the transformers, electronic control room equipment, computerized control units, pumps, compressors, and hydraulic units, that are used to power, supply, support, or control equipment that qualifies for exemption under Subdivision (2) or (5) or to generate electricity, chilled water, or steam for ultimate sale; transformers located at an electric generating facility that

increase the voltage of electricity generated for ultimate sale, the electrical cable that carries the electricity from the electric generating equipment to the step-up transformers, and the switches, breakers, capacitor banks, regulators, relays, reclosers, fuses, interruptors, reactors, arrestors, resistors, insulators, instrument transformers, and telemetry units that are related to the step-up transformers; and transformers that decrease the voltage of electricity generated for ultimate sale and the switches, breakers, capacitor banks, regulators, relays, reclosers, fuses, interruptors, reactors, arrestors, resistors, insulators, instrument transformers, and telemetry units that are related to the step-down transformers;

(5) tangible personal property used or consumed in the actual manufacturing, processing, or fabrication of tangible personal property for ultimate sale if the use or consumption of the property is necessary and essential to a pollution control process;

(6) lubricants, chemicals, chemical compounds, gases, or liquids that are used or consumed during the actual manufacturing, processing, or fabrication of tangible personal property for ultimate sale if their use or consumption is necessary and essential to prevent the decline, failure, lapse, or deterioration of equipment exempted by this section;

(7) gases used on the premises of a manufacturing plant to prevent contamination of raw material or product, or to prevent a fire, explosion, or other hazardous or environmentally damaging situation at any stage in the manufacturing process or in loading or storage of the product or raw material on premises;

(8) tangible personal property used or consumed during the actual manufacturing, processing, or fabrication of tangible personal property for ultimate sale if the use or consumption of the property is necessary and essential to a quality control process that tests tangible personal property that is being manufactured, processed, or fabricated for ultimate sale;

(9) safety apparel or work clothing that is used during the actual manufacturing, processing, or fabrication of tangible personal property for ultimate sale if:

(A) the manufacturing process would not be possible without the use of the apparel or clothing; and

(B) the apparel or clothing is not resold to the employee;

(10) tangible personal property used or consumed in the actual manufacturing, processing, or fabrication of tangible personal property for ultimate sale if the use or consumption of the property is necessary and essential to comply with federal, state, or local laws or rules that establish requirements related to public health; and

(11) tangible personal property specifically installed to:

(A) reduce water use and wastewater flow volumes from the manufacturing, processing, fabrication, or repair operation;

(B) reuse and recycle wastewater streams generated within the manufacturing, processing, fabrication, or repair operation; or

(C) treat wastewater from another industrial or municipal source for the purpose of replacing existing freshwater sources in the manufacturing, processing, fabrication, or repair operation.

(b) The following items are exempted from the taxes imposed by this chapter [exemption includes]:

(1) chemicals, catalysts, and other materials that are used during a manufacturing, processing, or fabrication operation to produce or induce a chemical or physical change, to remove impurities, or to make the product more marketable;

(2) semiconductor fabrication cleanrooms and equipment; and

(3) pharmaceutical biotechnology cleanrooms and equipment that are installed as part of the construction of a new facility with a value of at least \$150 million and on which construction began after July 1, 2003, and before August 31, 2004.

(c) The following items are subject to the tax imposed by this Chapter at the rate under Section 151.051(b) [The exemption does not include]:

(1) intraplant transportation equipment, including intraplant transportation equipment used to move a product or raw material in connection with the manufacturing process and specifically including all piping and conveyor systems, provided that the following remain eligible for the exemption:

(A) piping or conveyor systems that are a component part of a single item of manufacturing equipment or pollution control equipment eligible for the exemption under Subsection (a)(2), (a)(4), or (a)(5);

(B) piping through which the product or an intermediate or preliminary product that will become an ingredient or component part of the product is recycled or circulated in a loop between the single item of manufacturing equipment and the ancillary equipment that supports only that single item of manufacturing equipment if the single item of manufacturing equipment and the ancillary equipment operate together to perform a specific step in the manufacturing process; and

(C) piping through which the product or an intermediate or preliminary product that will become an ingredient or component part of the product is recycled back to another single item of manufacturing equipment and its ancillary equipment in the same manufacturing process;

(2) hand tools;

(3) maintenance supplies not otherwise exempted under this section, maintenance equipment, janitorial supplies or equipment, office equipment or supplies, equipment or supplies used in sales or distribution activities, research or development of new products, or transportation activities;

(4) machinery and equipment or supplies to the extent not otherwise exempted under this section used to maintain or store tangible personal property; or

(5) tangible personal property used in the transmission or distribution of electricity, including transformers, cable, switches, breakers, capacitor banks, regulators, relays, reclosers, fuses, interruptors, reactors, arrestors, resistors, insulators, instrument transformers, and telemetry units not otherwise exempted under this section, and lines, conduit, towers, and poles.

Amendment No. 39 was withdrawn.

**Amendment No. 40**

Representative Burnam offered the following amendment to **CSHB 3**:

Amend **CSHB 3** as follows:

(1) Strike SECTION 3A.01 (page 35, lines 7-10) and renumber subsequent sections accordingly.

(2) On page 59, between lines 2 and 3, insert a new ARTICLE 6 to read as follows and renumber subsequent ARTICLES accordingly:

ARTICLE 6. MILLIONAIRE TAX

SECTION 6.01. Title 2, Tax Code, is amended by adding Subtitle L to read as follows:

SUBTITLE L. MILLIONAIRE TAX  
CHAPTER 261. MILLIONAIRE TAX  
SUBCHAPTER A. IMPOSITION OF TAX

Sec. 261.001. TAX IMPOSED. (a) A tax is imposed for each tax year:

(1) on the entire taxable income of every resident of this state if the taxable income of the resident exceeds \$1 million; and

(2) on the entire taxable income of every nonresident derived from sources in this state if the taxable income of the nonresident derived from sources in this state exceeds \$1 million.

(b) The tax rate for an individual is three percent.

Sec. 261.002. JOINT RETURN PROHIBITED. Without regard to whether a person subject to this tax files a joint federal income tax return with a spouse, the person may not file a joint return under this chapter. The separate incomes of each spouse are taxed as individual incomes under Section 261.001.

Sec. 261.003. MEANING OF TERMS. (a) In this chapter:

(1) an individual is a resident of this state if the individual:

(A) is domiciled in this state, unless the individual does not maintain a permanent abode in this state and does maintain a permanent abode elsewhere and spends, in the aggregate, not more than 30 days of the tax year in this state; or

(B) is not domiciled in this state but maintains a permanent abode in this state and spends, in the aggregate, more than 183 days of the tax year in this state; and

(2) an individual is a nonresident if the individual is not a resident of this state.

(b) Any term used in this chapter and not defined by or for purposes of this chapter has the same meaning as when used in a comparable context in the laws of the United States relating to federal income taxes, unless a different meaning is clearly required. Any reference in this chapter to federal law means the provisions of the Internal Revenue Code of 1986 in effect on December 31, 2005, and other provisions of federal laws relating to federal income taxes in effect on December 31, 2005.

[Sections 261.004-261.050 reserved for expansion]

SUBCHAPTER B. COMPUTATION OF TAXABLE INCOME

Sec. 261.051. TAXABLE INCOME. The taxable income of a resident of this state is the resident's federal adjusted gross income as defined by federal law.

Sec. 261.052. CREDIT FOR INCOME TAX PAID TO ANOTHER STATE. (a) A resident individual is allowed a credit against the tax otherwise due under this chapter for the amount of any income tax imposed on the individual for the tax year by another state of the United States on income that is derived from sources in that state and that is subject to tax under this chapter.

(b) The credit provided by this section may not exceed the proportion of the tax otherwise due under this chapter that the amount of the taxpayer's adjusted gross income derived from sources in the other taxing jurisdiction bears to the taxpayer's entire adjusted gross income as modified by this subchapter.

Sec. 261.053. DUAL RESIDENCE; REDUCTION OF TAX. If a taxpayer is a resident of this state and is regarded as a resident of another jurisdiction for purposes of personal income taxation, the comptroller shall reduce the tax on that portion of the taxpayer's income that is subject to tax in both jurisdictions solely by virtue of dual residence. The reduction shall be in an amount equal to that portion of the lower of the two taxes applicable to the income taxed twice that the tax imposed by this state bears to the combined taxes of the two jurisdictions on the income taxed twice.

Sec. 261.054. NONRESIDENT INDIVIDUALS—TAXABLE INCOME. The taxable income of a nonresident individual is that part of the individual's federal adjusted gross income derived from sources in this state determined under Section 261.055.

Sec. 261.055. ADJUSTED GROSS INCOME FROM SOURCES IN THIS STATE—NONRESIDENT. (a) The adjusted gross income of a nonresident derived from sources in this state is the net amount of items of income, gain, loss, and deduction entering into the nonresident's federal adjusted gross income that are derived from or connected with sources in this state, including:

(1) the nonresident's distributive share of partnership income and deductions determined under Section 261.403; and

(2) the nonresident's share of estate or trust income and deductions derived from sources in this state.

(b) Items of income, gain, loss, and deduction derived from or connected with sources in this state are those items attributable to:

(1) the ownership or disposition of an interest in real or tangible personal property in this state; and

(2) a business, trade, profession, or occupation conducted in this state.

(c) Income from intangible personal property, including annuities, dividends, interest, and gains from the disposition of intangible personal property, constitutes income derived from sources in this state only to the extent that the income is from property used in a business, trade, profession, or occupation carried on in this state.

(d) Deductions for capital losses, net long-term capital gains, and net operating losses derived from or connected with sources in this state, are determined in the same manner as the corresponding federal deductions. However, the extent to which the deductions are derived from or connected with sources in this state is determined under the comptroller's rules.

(e) For a nonresident individual who is a shareholder of a corporation that is an electing small business corporation for federal income tax purposes, the undistributed taxable income of the corporation does not constitute income derived from sources in this state and a net operating loss of the corporation does not constitute a loss or deduction connected with sources in this state.

(f) If a business, trade, profession, or occupation is carried on partly in and partly outside this state, the items of income and deduction derived from or connected with sources in this state are determined by apportionment and allocation consistent with Chapter 141 under the comptroller's rules.

(g) Compensation paid by the United States for service in the armed forces of the United States performed by a nonresident is not income derived from sources in this state.

[Sections 261.056-261.100 reserved for expansion]

SUBCHAPTER C. [RESERVED]

[Sections 261.101-261.200 reserved for expansion]

SUBCHAPTER D. ACCOUNTING PERIODS AND METHODS

Sec. 261.201. PERIOD FOR COMPUTATION OF TAXABLE INCOME.

(a) For purposes of the tax imposed by this chapter, a taxpayer's tax year is the same as the taxpayer's tax year for federal income tax purposes.

(b) If a taxpayer's tax year is changed for federal income tax purposes, the taxpayer's tax year for purposes of the tax imposed by this chapter shall be similarly changed.

Sec. 261.202. METHODS OF ACCOUNTING. (a) A taxpayer's method of accounting is the same as the taxpayer's method of accounting for federal income tax purposes. If a single method of accounting has not been regularly used by the taxpayer, taxable income for purposes of this chapter shall be computed under any method that in the opinion of the comptroller fairly reflects income.

(b) If a taxpayer's method of accounting is changed for federal income tax purposes, the taxpayer's method of accounting for purposes of this chapter is changed in the same manner.

Sec. 261.203. ADJUSTMENTS. In computing a taxpayer's taxable income for any tax year under a method of accounting different from the method under which the taxpayer's taxable income for the previous year was computed, there shall be taken into account those adjustments that are determined, under rules prescribed by the comptroller, to be necessary solely by reason of the change in order to prevent amounts from being duplicated or omitted.

Sec. 261.204. LIMITATION ON ADDITIONAL TAX. (a) If a taxpayer's method of accounting is changed, other than from an accrual to an installment method, an additional tax that results from adjustments determined to be necessary solely because of the change may not be greater than if those adjustments were ratably allocated and included for the tax year of the change and not more than two preceding tax years during which the taxpayer used the method of accounting from which the change is made.

(b) If a taxpayer's method of accounting is changed from an accrual to an installment method, an additional tax for the year of the change of method and for a subsequent year that is attributable to the receipt of installment payments

properly accrued in a prior year shall be reduced by the portion of tax for any prior tax year attributable to the accrual of the installment payments, under rules adopted by the comptroller.

[Sections 261.205-261.400 reserved for expansion]

#### SUBCHAPTER E. PARTNERS AND PARTNERSHIPS

Sec. 261.401. ENTITY NOT TAXABLE. A partnership as an entity is not subject to the tax imposed by this chapter. Persons carrying on business as partners are liable for the tax imposed by this chapter only in their separate or individual capacities.

Sec. 261.402. RESIDENT PARTNER-ADJUSTED GROSS INCOME. (a) Partnership income, gain, loss, or deduction shall be allocated in accordance with each partner's distributive share for federal income tax purposes.

(b) Each item of partnership income, gain, loss, or deduction has the same character for a partner under this chapter as it has for federal income tax purposes. If an item is not characterized for federal income tax purposes, it has the same character for a partner as if realized directly from the source from which realized by the partnership or incurred in the same manner as incurred by the partnership.

(c) If a partner's distributive share of an item of partnership income, gain, loss, or deduction is determined for federal income tax purposes by a special provision in the partnership agreement with respect to the item, and the principal purpose of the provision is the avoidance or evasion of tax under this chapter, the partner's distributive share of the item and a modification required with respect to it is determined in accordance with the partner's distributive share of the taxable income or loss of the partnership generally, excluding those items requiring separate computation under Section 702, Internal Revenue Code of 1986.

Sec. 261.403. NONRESIDENT PARTNER-ADJUSTED GROSS INCOME FROM SOURCES IN THIS STATE. (a) In determining the adjusted gross income of a nonresident partner of any partnership, there shall be included only that part derived from or connected with sources in this state of the partner's distributive share of items of partnership income, gain, loss, and deduction entering into the partner's federal adjusted gross income, as that part is determined under rules adopted by the comptroller and consistent with the rules adopted under Section 261.055.

(b) Except as authorized by Subsection (c), in determining the sources of a nonresident partner's income, no effect is given to a provision in the partnership agreement that:

(1) characterizes payments to the partner as being for services or for the use of capital, or allocates to the partner, as income or gain from sources outside this state, a greater proportion of the partner's distributive share of partnership income or gain than the ratio of partnership income or gain from sources outside this state to partnership income or gain from all sources; or

(2) allocates to the partner a greater proportion of a partnership item of loss or deduction connected with sources in this state than the partner's proportionate share, for federal income tax purposes, of partnership loss or deduction generally.

(c) The comptroller may, on application, authorize the use of other methods of determining a nonresident partner's portion of partnership items derived from or connected with sources in this state, and the modifications related to it, that are appropriate and equitable, on terms the comptroller may require.

(d) A nonresident partner's distributive share of items of income, gain, loss, or deduction is determined under Section 261.402(a). The character of partnership items for a nonresident partner is determined under Section 261.402(b). The effect of a special provision in a partnership agreement, other than a provision described by Subsection (b), having as a principal purpose the avoidance or evasion of tax under this chapter is determined under Section 261.402(c).

[Sections 261.404-261.500 reserved for expansion]

#### SUBCHAPTER F. TAX RETURNS AND PAYMENTS

Sec. 261.501. PERSONS REQUIRED TO MAKE RETURNS OF INCOME. A state income tax return shall be made by every individual who has adjusted gross income from sources in this state in excess of \$1 million.

Sec. 261.502. RETURNS BY FIDUCIARIES. (a) An income tax return for a deceased individual shall be made and filed by the executor, administrator, or other person charged with the care of the property of the decedent. A final return of a decedent is due when it would have been due if the decedent had not died.

(b) An income tax return for an individual who is unable to make a return because of minority or other disability shall be made and filed by the individual's duly authorized agent, guardian, conservator, fiduciary, or other person charged with the care of the individual or the individual's property other than a receiver in possession of only a part of the individual's property.

(c) If two or more fiduciaries are acting jointly, the return may be made by any one of them.

Sec. 261.503. NOTICE OF QUALIFICATION AS RECEIVER. A receiver, trustee in bankruptcy, assignee for benefit of creditors, or other similar fiduciary shall give notice of the person's qualification to the comptroller, as may be required by rule.

Sec. 261.504. CHANGE OF STATUS AS RESIDENT OR NONRESIDENT DURING YEAR. (a) If the status of an individual changes during the individual's tax year from resident to nonresident or from nonresident to resident, the comptroller by rule may require the individual to file one return for the portion of the year during which the individual is a resident and one for the portion of the year during which the individual is a nonresident.

(b) Except as provided by Subsection (c), the taxable income of an individual is determined as provided by Section 261.051 for residents and Section 261.054 for nonresidents as if the individual's tax year for federal income tax purposes were limited to the period of the individual's resident and nonresident status respectively.



(c) There shall be included in determining taxable income from sources in or outside this state, as the case may be, income, gain, loss, or deduction accrued prior to the change of status even though not otherwise includable or allowable in respect to the period before the change, but the taxation or deduction of items accrued before the change of status is not affected by the change.

(d) If two returns are required to be filed under this section, the total of the taxes due may not be less than would be due if the total of the taxable incomes reported on the two returns were includable in one return.

Sec. 261.505. TIME AND PLACE FOR FILING RETURNS AND PAYING TAX. The income tax return required by this chapter shall be filed not later than the 15th day of the fourth month following the end of the taxpayer's tax year. A person required to make and file a return under this chapter shall pay a tax due to the comptroller not later than the last day that the filing of the return is allowed without penalty, excluding an extension of time for filing the return. The comptroller by rule shall prescribe the place for filing a return, statement, or other document required by this chapter and for the payment of a tax.

Sec. 261.506. ESTIMATED TAX. (a) An individual subject to the income tax imposed by this chapter shall make estimated payments of the tax. Section 6654, Internal Revenue Code of 1986, other than Subsections (a), (b), (d)(2), and (e) of that section, governing the payment of estimated federal income taxes on individuals applies to the payments required by this section, including exemptions from the estimated tax payment requirement. A reference in that section to the federal income tax imposed on individuals is construed as a reference to the tax imposed by this chapter as required to administer this section. A power or duty given by Section 6654, Internal Revenue Code of 1986, to the United States secretary of the treasury is assigned to the comptroller for purposes of the estimated payments required by this section.

(b) The comptroller shall adopt rules for the administration of this section.

(c) Payment of the estimated tax or an installment is considered payment on account of the tax imposed by this chapter.

Sec. 261.507. EXTENSION OF TIME FOR FILING AND PAYMENT. (a) The comptroller, on terms the comptroller may require, may grant a reasonable extension of time for payment of tax or an installment, or for filing a return, statement, or other document required under this chapter. Except for an extension for a taxpayer who is outside the United States, an extension for filing a return, statement, or document may not exceed six months.

(b) If the time for the payment of an amount of tax is extended, the comptroller may require the taxpayer to furnish a bond or other security in an amount not exceeding twice the amount of tax for which the extension of time for payment is granted, on terms the comptroller may require.

Sec. 261.508. CHANGE OF ELECTION. An election expressly authorized by this chapter may be changed as authorized by the comptroller or by the comptroller's rule.

Sec. 261.509. SIGNING OF RETURNS AND OTHER DOCUMENTS. (a) A return, statement, or other document required to be made or filed under this chapter shall be signed as provided by the comptroller. An individual's name signed to a return, statement, or other document is prima facie evidence that the individual signed the return, statement, or other document.

(b) A return, statement, or other document required of a partnership must be signed by at least one partner. A partner's name signed to a return, statement, or other document is prima facie evidence that the partner is authorized to sign on behalf of the partnership.

(c) The making or filing of a return, statement, or other document or copy required to be made or filed under this chapter, including a copy of a federal return, constitutes a certification by the person making or filing the return, statement, or other document or copy that the statements contained in it are true and that a copy filed is a true copy.

[Sections 261.510-261.520 reserved for expansion]

#### SUBCHAPTER G. INFORMATION RETURNS

Sec. 261.521. GENERAL REQUIREMENTS. The comptroller by rule may require the keeping of records, the content and form of returns and statements, and the filing of copies of federal income returns and determinations. The comptroller may require a person, by rule or by notice served on the person, to make returns, render statements, or keep records, as the comptroller considers sufficient to show whether the person is liable under this chapter for tax or for the collection of tax.

Sec. 261.522. REPORT OF CHANGE IN FEDERAL TAXABLE INCOME. (a) If the amount of a taxpayer's federal taxable income reported on the taxpayer's federal income tax return for a tax year is changed or corrected by the United States Internal Revenue Service or other competent authority, or as the result of a renegotiation of a contract or subcontract with the United States, the taxpayer shall:

(1) report the change or correction in federal taxable income not later than the 90th day after the final determination of the change, correction, or renegotiation, or as required by the comptroller; and

(2) concede the accuracy of the determination or state in what way it is erroneous.

(b) A taxpayer filing an amended federal income tax return shall also file, not later than the 90th day after filing, an amended return under this chapter, and shall give any information required by the comptroller.

(c) The comptroller by rule may prescribe exceptions to the requirements of this section.

[Sections 261.523-261.600 reserved for expansion]

#### SUBCHAPTER H. ADDITIONS TO TAX; PENALTIES

Sec. 261.601. FAILURE TO FILE TAX RETURN. (a) A person who does not file a return required under this chapter on or before the prescribed date is subject to the following penalty based on a percentage of the full amount of tax owed on the prescribed day:

(1) if the return is filed not later than the 30th day after the prescribed date, five percent;

(2) if the return is filed later than the 30th day after the prescribed date, but not later than the 60th day after the prescribed date, 10 percent;

(3) if the return is filed later than the 60th day after the prescribed date, but not later than the 90th day after the prescribed date, 15 percent;

(4) if the return is filed later than the 90th day after the prescribed date, but not later than the 120th day after the prescribed date, 20 percent; or

(5) if the return is filed later than the 120th day after the prescribed date, 25 percent.

(b) The prescribed date is determined with regard to an extension of time for filing.

(c) In determining the amount owed on the prescribed date, the taxpayer is entitled to credit for a portion of the tax paid on or before the prescribed date and other credit that may be claimed on the return.

(d) The penalty required by this section does not apply if the taxpayer shows that the failure to file a return was not the result of wilful neglect before the prescribed date or at any time during the delinquency and that good cause for the failure existed at all times before filing.

Sec. 261.602. FAILURE TO PAY TAX. (a) A person who does not pay any amount of tax owed by the person on the prescribed date shall pay, in addition to all other penalties and interest, a penalty of 10 percent of the amount of the tax due and owing on the prescribed date.

(b) The prescribed date is determined with regard to extensions of time allowed by the comptroller.

(c) A failure to pay all or part of an estimated tax is considered to be an underpayment of estimated tax. The comptroller by rule shall prescribe the method of determining the amount and period of underpayment.

Sec. 261.603. PENALTIES AND INTEREST TREATED AS TAX. The penalties and interest provided by this subchapter shall be paid on notice and demand and shall be assessed, collected, and paid in the same manner as other taxes. The comptroller may issue a deficiency notice for all or part of a penalty or interest along with or separate from the amount of tax owed in absence of penalties or interest.

[Sections 261.604-261.630 reserved for expansion]

#### SUBCHAPTER I. CREDITS AND REFUNDS

Sec. 261.631. CREDITS AND REFUNDS. (a) Within the applicable period of limitations the comptroller may credit an overpayment of income tax and interest on the overpayment against a liability of a tax imposed by the tax laws of this state on the person who made the overpayment, and the balance shall be refunded by the comptroller out of the proceeds of the tax retained by the comptroller.

(b) The comptroller may prescribe rules providing for crediting against the estimated tax for a tax year the amount determined to be an overpayment of the income tax for a preceding tax year.

(c) If an amount of income tax is assessed and collected after the expiration of the period of limitations properly applicable, the amount is an overpayment.

Sec. 261.632. ABATEMENTS. (a) The comptroller may abate any unpaid portion of a tax or a tax liability that is excessive in amount, assessed after the expiration of the applicable period of limitations, or erroneously or illegally assessed.

(b) The comptroller may abate the unpaid portion of a tax or a tax liability if the comptroller determines under uniform rules prescribed by the comptroller that the administration and collection costs involved would not warrant collection of the amount due.

Sec. 261.633. EXTENDED LIMITATION PERIOD. (a) If a taxpayer is required by Section 261.522 to report a change or correction in federal taxable income reported on a federal income tax return, or to report a change or correction that is treated in the same manner as if it were an overpayment for federal income tax purposes, or to file an amended return with the comptroller, a claim for credit or refund of a resulting overpayment of tax must be filed by the taxpayer not later than the second anniversary of the date the notice of the change or correction or the amended return was required to be filed with the comptroller. If the report or amended return required by Section 261.522 is not filed within the period prescribed by that section, interest on a resulting refund or credit ceases to accrue after the period. The amount of credit or refund may not exceed the amount of the reduction in tax attributable to the federal change, correction, or items amended on the taxpayer's amended federal income tax return. This subsection does not affect the time within which or the amount for which a claim for credit or refund may be filed under a provision other than this section.

(b) If a claim for credit or refund relates to an overpayment of tax on account of the deductibility by the taxpayer of a debt as a debt that became worthless or a loss from worthlessness of a security or the effect that the deductibility of a debt or of a loss has on the application to the taxpayer of a carryover, the claim may be made, under rules adopted by the comptroller, not later than the seventh anniversary of the date prescribed by law for filing the return for the year with respect to which the claim is made.

(c) If a claim for credit or refund relates to an overpayment attributable to a net operating loss carryback, the claim may be made, under rules adopted by the comptroller, not later than the 15th day of the 40th month following the end of the tax year of the net operating loss that resulted in the carryback or the period prescribed by Section 111.104, whichever expires later.

[Sections 261.634-261.650 reserved for expansion]

#### SUBCHAPTER J. MISCELLANEOUS ENFORCEMENT PROVISIONS

Sec. 261.651. TAXPAYER NOT RESIDENT. If notice and demand for the payment of a tax is given to a nonresident and it appears to the comptroller that it is not practicable to locate property of the taxpayer sufficient in amount to cover the amount of tax due, the comptroller may authorize the institution of any available action or proceeding to collect or enforce the claim in any place by any procedure by which a civil judgment of a court of record of this state could be collected or enforced. The comptroller may designate agents or retain counsel

outside this state for the purpose of collecting taxes due under this chapter and require of them bonds or other security for the faithful performance of their duties. The comptroller may enter into agreements with the tax department of another state for the collection of taxes from persons found in this state who are delinquent in the payment of income taxes imposed by that state on condition that the agreeing state afford similar assistance in the collection of taxes from persons found in that state who are delinquent in the payment of taxes imposed by this chapter.

Sec. 261.652. INCOME TAX CLAIMS OF OTHER STATES. The courts of this state shall recognize and enforce liabilities for personal income taxes lawfully imposed by another state that extends a like comity to this state, and the duly authorized officer of the other state may sue for the collection of personal income tax in the courts of this state. A certificate by the secretary of state of the other state that an officer suing for the collection of the tax is duly authorized to collect the tax is conclusive proof of the officer's authority. For the purposes of this section, "taxes" includes additions to tax, interest, and penalties.

Sec. 261.653. ORDER TO COMPEL COMPLIANCE. (a) On application of the attorney general, a judge of a court of appropriate jurisdiction for the county in which a taxpayer or other person who intentionally or knowingly refuses to file a tax return required by this chapter may, by order, direct the person to file the return. A person who fails or refuses to obey the order is guilty of contempt of court.

(b) If any person intentionally or knowingly refuses to make available any books, papers, records, or memorandums for examination by the comptroller or wilfully refuses to attend and testify, in accordance with the powers conferred on the comptroller by Chapter 111, on application of the comptroller, a judge in the court of appropriate jurisdiction for the county where the person resides may by order direct the person to comply with the comptroller's request for books, papers, records, or memorandums or for the person's attendance and testimony. If the books, papers, records, or memorandums required by the comptroller are in the custody of a corporation, the order of the court may be directed to any principal officer of the corporation. A person who fails or refuses to obey the order is guilty of contempt of court.

Sec. 261.654. TRANSFEREES. (a) The liability, at law or in equity, of a transferee of property of a taxpayer for any tax, addition to tax, penalty, or interest due under this chapter, is assessed, paid, and collected in the same manner and subject to the same provisions and limitations as in the case of the tax to which the liability relates except as otherwise provided by this section. "Transferee" includes an heir or a recipient of a donation, legacy, devise, or distribution.

(b) The period of limitation for assessment of liability of a transferee is:

(1) the first anniversary of the expiration of the period of limitation against the initial transferor if the transferee is the initial transferee;

(2) the first anniversary of the expiration of the period of limitation against the preceding transferee, but not later than the third anniversary of the expiration of the period of limitation for assessment against the initial transferor, if the transferee is not the initial transferee; or

(3) notwithstanding Subdivisions (1) and (2), if before the expiration of the period of limitation under Subdivision (1) or (2) a proceeding for the collection of the liability has been begun against the initial transferor or the last preceding transferee, respectively, the first anniversary of the date on which the proceeding is terminated.

(c) If, before the expiration of the period of limitation applicable to a transferee, the comptroller and the transferee consent in writing to an assessment after that time, the liability may be assessed at any time before the expiration of the agreed period. The period of limitation on credit or refund to the transferee of overpayments of tax made by the transferee or of overpayments of tax made by the transferor of which the transferee is legally entitled to credit or refund is extended by an agreement under this subsection and any extension of the agreement.

(d) If a person dies, the period of limitation for assessment against that person is the period that would be in effect had death not occurred.

Sec. 261.655. JEOPARDY DETERMINATIONS. (a) If the comptroller issues a jeopardy determination for a tax for a current period, the comptroller shall terminate the tax period of the taxpayer immediately, and the notice and demand for a return and immediate payment of the tax shall apply to the terminated period and to income accrued and deductions incurred on or before termination date if not otherwise properly includable or deductible for the period.

(b) The comptroller may abate the jeopardy determination if the comptroller finds that jeopardy does not exist.

Sec. 261.656. BANKRUPTCY OR RECEIVERSHIP. (a) On the adjudication of bankruptcy of any taxpayer in any bankruptcy proceeding or the appointment of a receiver for any taxpayer in any receivership proceeding before any court of the United States or any state or territory, any deficiency, together with additions to tax and interest provided by law, determined by the comptroller may be immediately assessed.

(b) Claims for the deficiency and additions to tax and interest may be presented, for adjudication in accordance with law, to the court before which the bankruptcy or receivership proceeding is pending, despite the pendency of any protest before the comptroller. A protest against a proposed assessment may not be filed with the comptroller after the adjudication of bankruptcy or appointment of the receiver.

Sec. 261.657. EVIDENCE OF RELATED FEDERAL DETERMINATION. Evidence of a federal determination relevant to the taxes imposed by this chapter is admissible in an administrative or judicial proceeding relating to those taxes.

[Sections 261.658-261.670 reserved for expansion]

SUBCHAPTER K. OFFENSES

Sec. 261.671. ATTEMPT TO EVADE OR DEFEAT TAX. (a) A person commits an offense if the person intentionally or knowingly attempts in any manner to evade or defeat a tax imposed by this chapter or the payment of tax imposed by this chapter.

(b) An offense under this section is a felony of the third degree.

Sec. 261.672. FAILURE TO PAY. (a) A person commits an offense if the person is required under this chapter to pay a tax imposed by this chapter and the person intentionally or knowingly fails to pay the tax.

(b) An offense under this section is a felony of the third degree.

Sec. 261.673. FAILURE TO FILE RETURN, SUPPLY INFORMATION, OR PAY TAX. (a) A person commits an offense if the person is required under this chapter to pay a tax, or required by this chapter or rule adopted under this chapter to make a return, to keep records, or to supply information, and the person intentionally or knowingly fails to pay the tax, make the return, keep the records, or supply the information at the time or times required by law.

(b) An offense under this section is a Class A misdemeanor.

[Sections 261.674-261.680 reserved for expansion]

SUBCHAPTER L. POWERS OF COMPTROLLER

Sec. 261.681. COOPERATION WITH OTHER JURISDICTIONS. The comptroller may permit the United States secretary of the treasury or the secretary's delegate, or the proper officer of any state or other jurisdiction imposing an income tax on the incomes of individuals, or the authorized representative of either officer, to inspect the income tax returns of an individual, or may furnish to the officer or authorized representative an abstract of the return of income of an individual or supply the officer with information concerning an item of income contained in a return, or disclosed by the report of an investigation of the income or return of income of an individual, but permission may be granted only if the statutes of the United States or of the other jurisdiction, as applicable, grant substantially similar privileges to the comptroller.

Sec. 261.682. COOPERATION WITH OTHER TAX OFFICIALS OF THIS STATE. The comptroller may permit other tax officials of this state to inspect tax returns and reports filed under this chapter but the inspection shall be permitted only for purposes of enforcing a tax law and only to the extent and under the conditions prescribed by rule of the comptroller.

Sec. 261.683. CONTRACT WITH SECRETARY OF TREASURY FOR COLLECTION OF TAX. The comptroller may enter into an agreement with the United States secretary of the treasury or the secretary's delegate under which, to the extent provided by the terms of the agreement, the secretary or delegate will administer, enforce, and collect a tax imposed by this chapter on behalf of this state. The cost of the services performed by the secretary or delegate in administering, enforcing, or collecting the tax under the terms of the agreement may be paid from the appropriations for the general operations of the comptroller.

Sec. 261.684. ARMED FORCES RELIEF PROVISIONS. (a) The period of service in the armed forces of the United States in a combat zone plus a period of continuous hospitalization outside this state attributable to that service plus the next 180 days shall be disregarded in determining, under rules of the comptroller, whether an act required by this chapter was performed by a taxpayer or the taxpayer's representative within the time prescribed.

(b) If an individual dies during an induction period while in active service as a member of the armed forces of the United States and the death occurred while the individual was serving in a combat zone or as a result of wounds, disease, or injury incurred while serving, the tax imposed by this chapter does not apply to the tax year in which the individual dies or to any prior tax year ending on or after the first day the individual so served in a combat zone.

Sec. 261.685. DISPOSITION OF PROCEEDS. The revenue from the tax imposed by this chapter shall be deposited to the credit of a special account in the general revenue fund and may be appropriated only for a purpose provided by Section 24, Article VIII, Texas Constitution.

SECTION 6.02. Section 111.201, Tax Code, is amended to read as follows:

Sec. 111.201. ASSESSMENT LIMITATION. (a) No tax imposed by this title may be assessed after four years from the date that the tax becomes due and payable except as provided by Subsection (b).

(b) A tax imposed by Chapter 261 may not be assessed after six years from the date the tax becomes due and payable.

SECTION 6.03. A referendum as required by Section 24, Article VIII, Texas Constitution, on the adoption of the income tax under this article shall be submitted to the voters at an election to be held November 8, 2005. The ballot for the referendum shall be printed to permit voting for or against the proposition: "The adoption of an income tax at a rate of three percent on the taxable income of any individual whose taxable income exceeds \$1 million."

SECTION 6.04. (a) Except as provided by Subsection (b) of this section, this article applies to income earned, accrued, or received on or after the effective date of this article.

(b) Income, deductions, losses, credits against income, or other adjustments allowed in determining the amount of tax under this article or the amount of federal adjusted gross income under this article, including carryovers, are not prohibited in computing the taxes for a tax period beginning on January 1, 2006, because those adjustments may have accrued or otherwise originated before the effective date of this article.

(c) In 2006, the comptroller by rule may suspend the application of Section 261.506, Tax Code, as added by this article, wholly or partly and may extend the deadlines for estimated tax payments under that section.

SECTION 6.05. (a) Except as provided by Section 6.06 of this article, if the proposition in Section 6.03 of this article is approved, this article takes effect January 1, 2006.



(b) Except as provided by Section 6.06 of this article, if the proposition in Section 6.03 of this article is not approved, this article has no effect.

SECTION 6.06. Section 6.03 of this article takes effect September 1, 2005.

Amendment No. 40 was withdrawn.

#### **Amendment No. 41**

Representative Corte offered the following amendment to **CSHB 3**:

Amend **CSHB 3** as follows:

(1) On page 35, line 26, strike "Sections 151.0043 and 151.0044" and substitute "Section 151.0044".

(2) On page 36, strike lines 10–17.

(3) On page 38, line 2, strike ";" and substitute ";and".

(4) On page 38, line 3, strike ";and" and substitute ".".

(5) On page 38, strike line 4.

(6) On page 38, line 10, between "Tax Code," and "are", insert "and Section 151.351, Tax Code,".

Amendment No. 41 was withdrawn.

#### **Amendment No. 42**

Representative Martinez Fischer offered the following amendment to **CSHB 3**:

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Amend **CSHB 3** by adding the following appropriately numbered section to the bill and renumbering subsequent sections of the bill appropriately:

SECTION \_\_\_\_\_. Section 151.307, Tax Code, is amended by adding Subsection (g)-(h) to read as follows:

(g) School Supplies are exempt from a sales tax imposed under this subchapter.

(h) For purposes of this exemption, "school supply" means:

(1) crayons;

(2) scissors;

(3) glue, paste, and glue sticks;

(4) pencils;

(5) pens;

(6) erasers;

(7) rulers;

(8) markers;

(9) highlighters;

(10) paper, including loose-leaf ruled notebook paper, copy paper, graph paper, tracing paper, manila paper, colored paper, poster board, and construction paper;

(11) writing tablets;

(12) spiral notebooks;

(13) bound composition notebooks;

(14) pocket folders;

- (15) plastic folders;
- (16) expandable portfolios;
- (17) manila folders;
- (18) three-ring binders that are three inches or less in capacity;
- (19) backpacks and zipper pencil bags;
- (20) school supply boxes;
- (21) clipboards;
- (22) index cards;
- (23) index card boxes;
- (24) calculators;
- (25) protractors;
- (26) compasses;
- (27) music notebooks;
- (28) sketch or drawing pads;
- (29) paintbrushes;
- (30) watercolors;
- (31) acrylic, tempera, or oil paints;
- (32) tape, including masking tape and Scotch tape;
- (33) clay and glazes;
- (34) pencil sharpeners;
- (35) thesauruses; and
- (36) dictionaries.

SECTION \_\_. Section 162.104 (6), Tax Code, is repealed.

SECTION \_\_. Chapter 162 of the Tax code is amended by adding Section 162.506 to read as follows:

Sec. 162.506 Aviation Fuel Tax. A per gallon tax that is sufficient to fund Section 151.307, Tax Code, as amended by adding Subsection (g)-(h), on gasoline that is delivered or sold into a storage facility of a licensed aviation fuel dealer from which gasoline will be delivered solely into the fuel supply tanks of aircraft or aircraft servicing equipment, or sold from one licensed aviation fuel dealer to another licensed aviation fuel dealer who will deliver the aviation fuel exclusively into the fuel supply tanks of aircraft or aircraft servicing equipment.

#### **Amendment No. 43**

Representative Martinez Fischer offered the following amendment to Amendment No. 42:

Amend Amendment No. 42 by Martinez Fischer to **CSHB 3** by striking the last line of page 1 of the amendment and all of the text on page 2 of the amendment and substituting the following:

SECTION 3A. \_\_. Section 162.102, Tax Code, is amended to read as follows:

Sec. 162.102. TAX RATE. (a) Except as provided by Subsection (b), the [The] gasoline tax rate is 20 cents for each net gallon or fractional part on which the tax is imposed under Section 162.101.

(b) The gasoline tax rate on aviation fuel is \$0.007 for each net gallon or fractional part on which the tax is imposed under Section 162.101.

SECTION 3A.\_\_. Section 162.104(a), Tax Code, is amended to read as follows:

(a) The tax imposed by this subchapter does not apply to gasoline:

(1) sold to the United States for its exclusive use, provided that the exemption does not apply with respect to fuel sold or delivered to a person operating under a contract with the United States;

(2) sold to a public school district in this state for the district's exclusive use;

(3) sold to a commercial transportation company that provides public school transportation services to a school district under Section 34.008, Education Code, and that uses the gasoline only to provide those services;

(4) exported by either a licensed supplier or a licensed exporter from this state to any other state, provided that:

(A) for gasoline in a situation described by Subsection (d), the bill of lading indicates the destination state and the supplier collects the destination state tax; or

(B) for gasoline in a situation described by Subsection (e), the bill of lading indicates the destination state, the gasoline is subsequently exported, and the exporter is licensed in the destination state to pay that state's tax and has an exporter's license issued under this subchapter;

(5) moved by truck or railcar between licensed suppliers or licensed permissive suppliers and in which the gasoline removed from the first terminal comes to rest in the second terminal, provided that the removal from the second terminal rack is subject to the tax imposed by this subchapter; or

~~(6) [delivered or sold into a storage facility of a licensed aviation fuel dealer from which gasoline will be delivered solely into the fuel supply tanks of aircraft or aircraft servicing equipment, or sold from one licensed aviation fuel dealer to another licensed aviation fuel dealer who will deliver the aviation fuel exclusively into the fuel supply tanks of aircraft or aircraft servicing equipment; or~~

~~(7)~~ exported to a foreign country if the bill of lading indicates the foreign destination and the fuel is actually exported to the foreign country.

SECTION 3A.\_\_. Section 162.202, Tax Code, is amended to read as follows:

Sec. 162.202. TAX RATE. (a) Except as provided by Subsection (b), the [The] diesel fuel tax rate is 20 cents for each net gallon or fractional part on which the tax is imposed under Section 162.201.

(b) The diesel fuel tax rate on aviation fuel is \$0.007 for each net gallon or fractional part on which the tax is imposed under Section 162.201.

SECTION 3A.\_\_. Section 162.204(a), Tax Code, is amended to read as follows:

(a) The tax imposed by this subchapter does not apply to:

(1) diesel fuel sold to the United States for its exclusive use, provided that the exemption does not apply to diesel fuel sold or delivered to a person operating under a contract with the United States;

(2) diesel fuel sold to a public school district in this state for the district's exclusive use;

(3) diesel fuel sold to a commercial transportation company that provides public school transportation services to a school district under Section 34.008, Education Code, and that uses the diesel fuel only to provide those services;

(4) diesel fuel exported by either a licensed supplier or a licensed exporter from this state to any other state, provided that:

(A) for diesel fuel in a situation described by Subsection (e), the bill of lading indicates the destination state and the supplier collects the destination state tax; or

(B) for diesel fuel in a situation described by Subsection (e), the bill of lading indicates the destination state, the diesel fuel is subsequently exported, and the exporter is licensed in the destination state to pay that state's tax and has an exporter's license issued under this subchapter;

(5) diesel fuel moved by truck or railcar between licensed suppliers or licensed permissive suppliers and in which the diesel fuel removed from the first terminal comes to rest in the second terminal, provided that the removal from the second terminal rack is subject to the tax imposed by this subchapter;

~~(6) [diesel fuel delivered or sold into a storage facility of a license aviation fuel dealer from which the diesel fuel will be delivered solely into the fuel supply tanks of aircraft or aircraft servicing equipment, or sold from one licensed aviation fuel dealer to another licensed aviation fuel dealer who will deliver the diesel fuel exclusively into the fuel supply tanks of aircraft or aircraft servicing equipment];~~

~~(7)~~ (7) diesel fuel exported to a foreign country if the bill of lading indicates the foreign destination and the fuel is actually exported to the foreign country;

(7) ~~(8)~~ dyed diesel fuel sold or delivered by a supplier to another supplier and dyed diesel fuel sold or delivered by a supplier or distributor into the bulk storage facility of a dyed diesel fuel bonded user or to a purchaser who provides a signed statement as provided by Section 162.206;

(8) ~~(9)~~ the volume of water, fuel ethanol, biodiesel, or mixtures thereof that are blended together with taxable diesel fuel when the finished product sold or used is clearly identified on the retail pump, storage tank, and sales invoice as a combination of diesel fuel and water, fuel ethanol, biodiesel, or mixtures thereof;

(9) ~~(10)~~ dyed diesel fuel sold by a supplier or permissive supplier to a distributor, or by a distributor to another distributor;

(10) ~~(11)~~ dyed diesel fuel delivered by a licensed holder into the fuel supply tanks of railway engines, motorboats, or refrigeration units or other stationary equipment powered by a separate motor from a separate fuel supply tank;

(11) ~~(12)~~ dyed kerosene when delivered by a supplier, distributor, or importer into a storage facility at a retail business from which all deliveries are exclusively for heating, cooking, lighting, or similar nonhighway use; or

(12) [~~43~~] diesel fuel used by a person, other than a political subdivision, who owns, controls, operates, or manages a commercial motor vehicle as defined by Section 548.001, Transportation Code, if the fuel:

(A) is delivered exclusively into the fuel supply tank of the commercial motor vehicle; and

(B) is used exclusively to transport passengers for compensation or hire between points in this state on a fixed route or schedule.

Amendment No. 43 was adopted.

Representative Truitt moved to table Amendment No. 42.

A record vote was requested.

The motion to table prevailed by (Record 109): 99 Yeas, 43 Nays, 1 Present, not voting.

Yeas — Allen, R.; Alonzo; Anderson; Bailey; Baxter; Berman; Blake; Bohac; Bonnen; Branch; Brown, B.; Brown, F.; Callegari; Campbell; Chisum; Coleman; Cook, B.; Cook, R.; Corte; Crabb; Crownover; Davis, J.; Dawson; Delisi; Denny; Driver; Edwards; Eissler; Elkins; Farabee; Flynn; Gattis; Geren; Giddings; Goodman; Goolsby; Griggs; Grusendorf; Haggerty; Hamric; Hardcastle; Harper-Brown; Hartnett; Hegar; Hilderbran; Hill; Homer; Hope; Howard; Hughes; Hunter; Hupp; Isett; Jackson; Jones, D.; Keel; Keffer, B.; Keffer, J.; King, P.; Kolkhorst; Krusee; Kuempel; Laney; Laubenberg; Madden; McCall; McReynolds; Merritt; Miller; Morrison; Mowery; Nixon; Orr; Otto; Paxton; Phillips; Pickett; Pitts; Reyna; Riddle; Rose; Smith, T.; Smith, W.; Smithee; Solis; Solomons; Strama; Straus; Swinford; Talton; Taylor; Truitt; Turner; Van Arsdale; Veasey; West; Wong; Woolley; Zedler.

Nays — Allen, A.; Anchia; Burnam; Castro; Chavez; Davis, Y.; Deshotel; Dukes; Dunnam; Escobar; Farrar; Flores; Frost; Gallego; Gonzales; Gonzalez Tourelles; Hamilton; Herrero; Hochberg; Hodge; Hopson; Jones, J.; King, T.; Leibowitz; Martinez; Martinez Fischer; McClendon; Menendez; Moreno, J.; Moreno, P.; Naishtat; Noriega, M.; Oliveira; Olivo; Peña; Puente; Quintanilla; Raymond; Ritter; Rodriguez; Thompson; Uresti; Villarreal.

Present, not voting — Mr. Speaker(C).

Absent, Excused — Eiland.

Absent — Casteel; Dutton; Guillen; Luna; Seaman; Vo.

### STATEMENTS OF VOTE

I was shown voting no on Record No. 109. I intended to vote yes.

Anchia

When Record No. 109 was taken, I was in the house but away from my desk. I would have voted yes.

Casteel

When Record No. 109 was taken, my vote failed to register. I would have voted present, not voting.

Guillen

When Record No. 109 was taken, I was in the house but away from my desk. I would have voted no.

Vo

#### **Amendment No. 44**

Representative Hochberg offered the following amendment to **CSHB 3**:

Amend **CSHB 3** in Article 3, Part A by adding the following appropriately numbered sections and renumbering the remaining sections accordingly:

SECTION 3A. \_\_\_\_\_. Section 151.008, Tax Code, is amended by adding Subsection (c) to read as follows:

(c) An individual is not a "seller" or "retailer" for purposes of this section if:

(1) the individual is not engaged in the active conduct of a trade or business in this state for the purposes of affecting sales of taxable items; and

(2) the only sales made by the individual are sales of taxable personal property described by Section 151.304 (b) (5).

SECTION 3A. \_\_\_\_\_. Section 151.304 (b), Tax Code, is amended to read as follows:

(b) In this section, "occasional sale" means:

(1) one or two sales of taxable items, other than an amusement service, at retail during a 12-month period by a person who does not habitually engage, or hold himself out as engaging, in the business of selling taxable items at retail;

(2) the sale of the entire operating assets of a business or of a separate division, branch, or identifiable segment of a business;

(3) a transfer of all or substantially all the property used by a person in the course of an activity if after the transfer the real or ultimate ownership of the property is substantially similar to that which existed before the transfer; ~~or~~

(4) the sale of not more than 10 admissions for amusement services during a 12-month period by a person who does not hold himself out as engaging, or does not habitually engage, in providing amusement services; or

(5) the sale of taxable personal property by an individual if:

(A) the property was originally bought by the individual or a member of the individual's family for the personal use of the individual or the individual's family;

(B) the individual does not hold a permit issued under this chapter and is not required to obtain a permit as a "seller" or "retailer" as those terms are defined by Section 151.008;

(C) the individual does not employ an auctioneer, broker, or factor, other than an online auction, to sell the property; and

(D) the sale would otherwise not be considered an occasional sale under this section.

Amendment No. 44 was adopted.

**Amendment No. 45**

Representative Farrar offered the following amendment to **CSHB 3**:

Floor Packet Page No. 207

Amend Section 164.052 of **CSHB 3** as follows:

Sec. 164.052. EXCEPTIONS TO APPLICATION OF TAX. The tax imposed under this chapter does not apply to a food or a beverage sold in or by a restaurant, lunch counter, cafeteria, hotel, organization listed as a 501(c) (3) under the Internal Revenue Code of 1986, or other business for consumption on the premises of the business.

Amendment No. 45 was adopted.

**Amendment No. 46**

Representative Hochberg offered the following amendment to **CSHB 3**:

Floor Packet Page No. 219

Amend **CSHB 3** as follows:

(1) On page 38, between lines 4 and 5, insert "(20) elective cosmetic procedures".

(2) In Article 3, Part A, add the following appropriately numbered sections and renumber the remaining sections accordingly:

SECTION 3A. Chapter 151, Tax Code, is amended by adding Section 151.0037 and 151.327 to read as follows:

Section 151.0037. In this section, "elective cosmetic procedures" means:

(1) A cosmetic medical procedure" means any medical procedure performed on a individual which is directed at improving the procedure subject's appearance and which does not meaningfully promote the proper function of the body or prevent or treat illness or disease. "Cosmetic medical procedure" includes but is not limited to cosmetic surgery, hair transplants, cosmetic injections, cosmetic soft tissue fillers, dermabrasion and chemical peel, laser hair removal, laser skin resurfacing, laser treatment of leg veins, sclerotherapy, and cosmetic dentistry. "Cosmetic medical procedure" does not include reconstructive surgery or dentistry;

(2) This section does not apply to reconstructive surgery or dentistry which includes any surgery or dentistry performed on abnormal structures caused by or related to congenital defects, developmental abnormalities, injury, trauma, infection, tumors or disease, including procedures to improve function or give a more normal appearance.

Sec. 151.327. SCHOOL SUPPLIES, TEXTBOOKS, BOOKS, AND OTHER INSTRUCTIONAL MATERIALS BEFORE START OF SCHOOL. (a) The sale or storage, use, or other consumption of a school supply, including textbooks, books, and other instructional materials, is exempted from the taxes imposed by this chapter if the school supply is purchased:

(1) for use by a student in a class in a public or private elementary or secondary school;

(2) during the period described by Section 151.326 (a) (2); and

(3) for a sales price of less than \$100 per item.

(b) For purposes of this exemption, "school supply" means:

(1) crayons;

(2) scissors;

(3) glue, paste, and glue sticks;

(4) pencils;

(5) pens;

(6) erasers;

(7) rulers;

(8) markers;

(9) highlighters;

(10) paper, including loose-leaf ruled notebook paper, copy paper, graph paper, tracing paper, manila paper, colored paper, poster board, and construction paper;

(11) writing tablets;

(12) spiral notebooks;

(13) bound composition notebooks;

(14) pocket folders;

(15) plastic folders;

(16) expandable portfolios;

(17) manila folders;

(18) three-ring binders that are three inches or less in capacity;

(19) backpacks and zipper pencil bags;

(20) school supply boxes;

(21) clipboards;

(22) index cards;

(23) index card boxes;

(24) calculators;

(25) protractors;

(26) compasses;

(27) music notebooks;

(28) sketch or drawing pads;

(29) paintbrushes;

(30) watercolors;

(31) acrylic, tempera, or oil paints;

(32) tape, including masking tape and Scotch tape;

(33) clay and glazes;

(34) pencil sharpeners;

(35) thesauruses; and

(36) dictionaries.

(c) A retailer is not required to obtain an exemption certificate stating that the school supplies are purchased for use by a student in a class in a public or private elementary or secondary school unless the supplies are purchased in a quantity that indicates that the supplies are not purchased for use by a student in a class in a public or private elementary or secondary school.

SECTION 3A. \_\_. Section 151.351, Tax Code, is repealed.



**Amendment No. 47**

Representative Hochberg offered the following amendment to Amendment No. 46:

Amend the Hochberg Amendment to **CSHB 3** (pages 219-221 of the amendment book) as follows:

(1) On page 1, strike the bottom two lines, and strike all of pages 2 and 3 and substitute the following:

(3) In Article 3, Part A, add the following SECTIONS and renumber subsequent SECTIONS accordingly:

SECTION 3A.\_\_\_\_. (a) Subchapter H, Chapter 151, Tax Code, is amended by adding Section 151.3131 to read as follows:

Sec. 151.3131. PARKING AND STORAGE SERVICES. (a) Motor vehicle parking and storage services are exempted under this section from the taxes imposed by this chapter only if the services are:

(1) provided at a parking facility owned or operated by:

(A) a health facility;

(B) a nonprofit corporation that has donated land on which a health facility is located or land that a health facility uses to enhance the delivery of health services provided by the health facility; or

(C) an entity that contracts with the health facility or nonprofit corporation to provide the motor vehicle parking and storage services; and

(2) the motor vehicle parking and storage services are primarily used by patients of and visitors to the health facility and people who work at the health facility.

(b) A person who operates a facility that provides motor vehicle parking and storage services is not exempted under this section until the person submits to the comptroller, in the form required by the comptroller, notice that the person operates a facility eligible for exemption and the comptroller verifies that the facility is eligible. The comptroller shall maintain a list of facilities in this state that provide motor vehicle parking and storage services that are exempted from the taxes imposed under this chapter.

(c) A facility that provides motor vehicle parking and storage services exempted under this section shall prominently display at the entrance or payment area of the facility a notice that the parking and storage services provided are exempted from the taxes imposed under this chapter.

(d) In this section, "health facility" means:

(1) a hospital, clinic, nursing home, extended care facility, outpatient facility, rehabilitation facility, medical or dental laboratory, medical or dental office building, x-ray or scanning facility, medical or dental research, diagnostic, or educational facility;

(2) an adult care facility, foster care facility, live-care facility, retirement home or village, home for the aging, or other facility that furnishes medical or nursing attention or services and food and shelter to an individual for more than one year;

(3) a multi-unit housing facility for the staff, nurses, interns, and other employees of a health facility and for their relatives or for patients or relatives of patients admitted for treatment or care in a health facility; or

(4) any other structure or facility that is related to or essential to the operation of a health facility.

(b) A facility that provides motor vehicle parking and storage services exempted under Section 151.3131, Tax Code, as added by this section, that is in existence on the effective date of this part, and that provides users with a separate statement of the amount charged for services and taxes may not:

(1) collect taxes imposed under Chapter 151, Tax Code, on or after the date on which the facility is exempted; or

(2) increase the amount charged for motor vehicle parking and storage services before the 180th day after the date on which the facility is exempted.

(c) A facility that provides motor vehicle parking and storage services exempted under Section 151.3131, Tax Code, as added by this section, that is in existence on the effective date of this part, and that charges tax inclusive of rates for motor vehicle parking and storage services:

(1) shall reduce each rate charged to an amount not to exceed the amount obtained by multiplying each rate charged by the percentage obtained by dividing 1.00 by 1.00 plus the combined state, local, and transportation authority tax rate otherwise applicable to the facility on the date on which the facility is exempted; and

(2) may not increase those rates before the 180th day after the date on which the facility is exempted.

(d) A facility that provides motor vehicle parking and storage services exempted under Section 151.3131, Tax Code, as added by this section, and that is not in existence on the effective date of this Act, may not collect taxes imposed under Chapter 151, Tax Code, on or after the date on which the facility is exempted.

SECTION 3A. \_\_\_\_\_. (a) Subchapter H, Chapter 151, Tax Code, is amended by adding Section 151.3132 to read as follows:

Sec. 151.3132. DIAPERS. (a) Diapers are exempt from the taxes imposed by this chapter.

(b) The exemption under Subsection (a) applies to:

(1) the sale or use of disposable diapers;

(2) the sale or use of reusable cloth diapers; and

(3) diaper services that provide diaper rental and laundry.

Amendment No. 47 was adopted.

Representative J. Keffer moved to table Amendment No. 46.

A record vote was requested.

The motion to table was lost by (Record 110): 48 Yeas, 97 Nays, 1 Present, not voting.

Yeas — Allen, R.; Anderson; Berman; Bohac; Bonnen; Brown, F.; Casteel; Crabb; Davis, J.; Dawson; Denny; Driver; Eissler; Flynn; Griggs; Grusendorf; Haggerty; Hamric; Hardcastle; Harper-Brown; Hartnett; Hill; Hope; Hupp; Isett; Jackson; Jones, D.; Keel; Keffer, B.; King, P.; Krusee; Laubenberg; Madden; McCall; Morrison; Mowery; Nixon; Orr; Otto; Paxton; Riddle; Solomons; Straus; Swinford; Talton; Wong; Woolley; Zedler.

Nays — Allen, A.; Alonzo; Anchia; Bailey; Baxter; Blake; Branch; Brown, B.; Burnam; Callegari; Campbell; Castro; Chavez; Chisum; Coleman; Cook, B.; Cook, R.; Crownover; Davis, Y.; Delisi; Deshotel; Dukes; Dunnam; Dutton; Edwards; Elkins; Escobar; Farabee; Farrar; Flores; Frost; Gallego; Gattis; Geren; Giddings; Gonzales; Gonzalez Toureilles; Goodman; Goolsby; Guillen; Hamilton; Hegar; Herrero; Hilderbran; Hochberg; Hodge; Homer; Hopson; Howard; Hughes; Hunter; Jones, J.; Kolkhorst; Kuempel; Laney; Leibowitz; Luna; Martinez; Martinez Fischer; McClendon; McReynolds; Menendez; Merritt; Miller; Moreno, J.; Moreno, P.; Naishtat; Noriega, M.; Oliveira; Olivo; Peña; Phillips; Pickett; Pitts; Puente; Quintanilla; Raymond; Reyna; Ritter; Rodriguez; Rose; Seaman; Smith, T.; Smith, W.; Smithee; Solis; Strama; Taylor; Thompson; Truitt; Turner; Uresti; Van Arsdale; Veasey; Villarreal; Vo; West.

Present, not voting — Mr. Speaker(C).

Absent, Excused — Eiland.

Absent — Corte; Keffer, J.; King, T.

#### STATEMENTS OF VOTE

I was shown voting yes on Record No. 110. I intended to vote no.

Bohac

I was shown voting yes on Record No. 110. I intended to vote no.

Bonnen

I was shown voting yes on Record No. 110. I intended to vote no.

Denny

I was shown voting yes on Record No. 110. I intended to vote no.

Keel

When Record No. 110 was taken, I was in the house but away from my desk. I would have voted no.

T. King

I was shown voting yes on Record No. 110. I intended to vote no.

Krusee

I was shown voting yes on Record No. 110. I intended to vote no.

Madden

I was shown voting yes on Record No. 110. I intended to vote no.

McCall

I was shown voting yes on Record No. 110. I intended to vote no.

Orr

I was shown voting yes on Record No. 110. I intended to vote no.

Otto

I was shown voting yes on Record No. 110. I intended to vote no.

Solomons

I was shown voting yes on Record No. 110. I intended to vote no.

Wong

### REASON FOR VOTE

My vote was indicative of my desire to extend debate to further analyze the definition of elective surgery.

Baxter  
Branch

Amendment No. 46, as amended, was adopted.

### Amendment No. 48

Representative Thompson offered the following amendment to **CSHB 3**:

Floor Packet Page No. 216

Amend **CSHB 3** as follows:

(1) on page 38, on line 3, between ":" and "and" insert the following and renumber Section 151.0101(a)(19) as Section 151.0101(a)(20):

"(19) all membership dues and fees, membership initiation fees, products, clothing, food, meals, and beverages sold by a private club that has an alcohol beverage permit under Chapter 32, Alcohol Beverage Code;"

(2) on page 38, following line 11, by adding new Sections 3A.07 and 3A.08 to read as follows and renumbering subsequent sections:

"SECTION 3A.07. Section 151.326(a), Tax Code, is amended to read as follows:

(a) The sale of an article of clothing or footwear designed to be worn on or about the human body is exempted from the taxes imposed by this chapter if:

(1) the sales price of the article is less than \$100; and

(2) the sale takes place during a period beginning at 12:01 a.m. on the first Friday in August and ending at 11:59 p.m. on the third Friday in August [~~42 midnight on the following Sunday~~].

SECTION 3A.08. Section 151.328(b), Tax Code, is repealed."

(3) on page 39, strike lines 11 through 16 and substitute the following:

"SECTION 3B.04. Sections 152.026(a) and (b), Tax Code, are amended to read as follows:

(a) A tax is imposed on the gross rental receipts from the rental of a rented motor vehicle or boat or aircraft.

(b) The tax rate is 10 percent of the gross rental receipts from the rental of a rented motor vehicle or boat or aircraft for 30 days or less and 7.35 [~~6-1/4~~] percent of the gross rental receipts from the rental of a rented motor vehicle or boat or aircraft for longer than 30 days."

Amendment No. 48 was withdrawn.

**Amendment No. 49**

Representative Deshotel offered the following amendment to **CSHB 3**:  
Floor Packet Page No. 222

Amend **CSHB 3** by inserting the following appropriately numbered SECTION in PART A, ARTICLE 3 of the bill to read as follows:

SECTION 3A.\_\_\_\_. Section 3(a)(1), Article 5.13-2, Insurance Code, is amended to read as follows:

- (1) "Disallowed expenses" includes:
  - (A) administrative expenses, not including acquisition, loss control, and safety engineering expenses, that exceed 110 percent of the industry median for those expenses;
  - (B) lobbying expenses;
  - (C) advertising expenses, other than for advertising:
    - (i) directly related to the services or products provided by the insurer; or
    - (ii) designed and directed at loss prevention;
  - (D) amounts paid by an insurer:
    - (i) as damages in an action brought against the insurer for bad faith, fraud, or any matters other than payment under the insurance contract; [~~or~~]
    - (ii) as fees, fines, penalties, or exemplary damages for a civil or criminal violation of law; or
    - (iii) under a motor vehicle insurance policy in the form of taxes imposed on motor vehicle repair services under Chapter 151, Tax Code;
  - (E) contributions to:
    - (i) social, religious, political, or fraternal organizations; or
    - (ii) organizations engaged in legislative advocacy;
  - (F) except as authorized by rule by the commissioner, fees and assessments paid to advisory organizations;
  - (G) any amount determined by the commissioner to be excess premiums charged by the insurer; and
  - (H) any unreasonably incurred expenses, as determined by the commissioner after notice and hearing.

**AMENDMENT NO. 49 - STATEMENT OF LEGISLATIVE INTENT**

REPRESENTATIVE TAYLOR: Mr. Deshotel, you and I have been talking about this issue. Your concern is that if someone has a claim and now we're having sales tax applied to auto repairs, you don't want to have the insurance company to have the insured pay their deductible and then say, Okay, now you've got to pay the sales tax on top of that. Is that right?

REPRESENTATIVE DESHOTEL: That's correct.

TAYLOR: Unfortunately, the way the bill was drafted, it actually went into another area that you really weren't intending to do. So basically what you were trying to do was protect the consumer. They're going to pay the deductible and that's it.

DESHOTEL: That's right.

TAYLOR: Regardless of what we do with sales tax and repairs. Is that correct?

DESHOTEL: That's correct.

### REMARKS ORDERED PRINTED

Representative Taylor moved to print remarks between Representative Deshotel and Representative Taylor.

The motion prevailed.

Amendment No. 49 was withdrawn.

#### Amendment No. 50

Representative Y. Davis offered the following amendment to **CSHB 3**:  
Floor Packet Page No. 229

Amend **CSHB 3** by striking SECTION 5.02 in its entirety and by renumbering the remaining sections accordingly.

Amendment No. 50 was withdrawn.

#### Amendment No. 51

Representative Chisum offered the following amendment to **CSHB 3**:

Amend **CSHB 3** as follows:

(1) On page 35, line 9, strike "7.25" and substitute "\_\_\_".

(2) On page 59, between lines 2 and 3, insert the following appropriately numbered ARTICLE and renumber ARTICLES of the bill appropriately:

#### ARTICLE \_\_. EXEMPLARY DAMAGES AWARDS

SECTION \_\_.01. Chapter 41, Civil Practice and Remedies Code, is amended by adding Section 41.014 to read as follows:

#### Sec. 41.014. PAYMENT OF AWARDS TO GENERAL REVENUE FUND.

(a) The court shall order 50 percent of an award of exemplary damages in an action be paid to the comptroller for deposit in the general revenue fund.

(b) The provisions of this section may not be made known to the jury through any means, including voir dire, introduction into evidence, or instruction.

SECTION \_\_.02. The change in law made by this article applies only to a cause of action that accrues on or after the effective date of this Act. A cause of action that accrues before the effective date of this Act is governed by the law in effect immediately before that date, and that law is continued in effect for that purpose.

**Amendment No. 52**

Representative Chisum offered the following amendment to Amendment No. 51:

Amend Amendment No. 51 to **CSHB 3** by Chisum as follows:

- (1) On page 1, strike lines 2 and 3.
- (2) On page 1, line 4, strike (2).
- (3) On page 1, between lines 13 and 14, insert the following:
- (b) Before September 1 of each year, the comptroller shall:

(1) determine the amount of exemplary damages that were paid to the comptroller under Subsection (a) during the previous calendar year; and

(2) by rule reduce the tax rate that would otherwise apply under Section 151.051(b), Tax Code, during the state fiscal year that begins on September 1 of the year in which the determination under Subdivision (1) is made by an amount that will result in the sum of the estimated amount of revenue that will be collected under this section and under Chapter 151, Tax Code, during the state fiscal year beginning September 1 equaling the estimated amount of revenue that would otherwise be collected at the tax rate prescribed by Section 151.051(b).

(c) For purposes of Subsection (b)(2), the estimated amount of revenue that will be collected in a state fiscal year under this section is equal to the amount determined under Subsection (b)(1) before that state fiscal year begins.

- (4) On page 1, line 14, strike "(b)" and substitute "(d)".

Amendment No. 52 was withdrawn.

Amendment No. 51 was withdrawn.

**Amendment No. 53**

Representative Pickett offered the following amendment to **CSHB 3**:

Amend **CSHB 3** as follows:

(1) On page 38, line 25, through page 39, line 2, strike Section 3B.01 and substitute the following:

SECTION 3B.01. Sections 548.501-548.503, Transportation Code, are amended to read as follows:

Sec. 548.501. INSPECTION FEES GENERALLY. (a) Except as provided by Sections 548.503 and 548.504, the fee for inspection of a motor vehicle other than a moped is \$17.00 [~~\$12.50~~]. The fee for inspection of a moped is \$10.25 [~~\$5.75~~]. The fee for a verification form issued as required by Section 548.256 is \$1.

(b) An inspection station shall pay to the department \$10.00 [~~\$5.50~~] of each fee for an inspection. The department may require the station to make an advance payment of \$10.00 [~~\$5.50~~] for each inspection certificate provided to the station. If advance payment is made:

- (1) no further payment may be required on issuance of a certificate;
- (2) the inspection station may waive the fee due from the owner of an inspected vehicle who is issued a certificate to which the advance payment applies;

(3) the department shall refund to the inspection station \$10.00 [~~\$5.50~~] for each unissued certificate that the station returns to the department in accordance with department rules; and

(4) the conservation commission shall pay to the department \$2 for each unissued certificate that the station returns to the department.

Sec. 548.502. INSPECTION BY POLITICAL SUBDIVISION OR STATE AGENCY. A political subdivision or state agency for which the department certifies an inspection station under Section 548.004:

(1) shall pay to the department an advance payment of \$10.00 [~~\$5.50~~] for each inspection certificate provided to it; and

(2) may not be required to pay the compulsory inspection fee.

Sec. 548.503. Initial Two-Year Inspection of Passenger Car or Light Truck.

(a) The fee for inspection of a passenger car or light truck under Section 548.102 shall be set by the department by rule on or before September 1 of each year. A fee set by the department under this subsection must be based on the costs of producing certificates, providing inspections, and administering the program, but may not be less than \$26.25 [~~\$21.75~~].

(b) The department shall require an inspection station to make an advance payment of \$19.25 [~~\$14.75~~] for a certificate to be issued under this section. Additional payment may not be required of the station for the certificate. The inspection station may waive the fee due from the owner of the vehicle inspected. A refund for an unissued certificate shall be made in the same manner as provided for other certificate refunds.

SECTION 3B.02. Section 548.508, Transportation Code, is amended to read as follows:

Sec. 548.508. DISPOSITION OF FEES. Except as provided by Subsection (b), Sections 382.037 and 382.0622, Health and Safety Code, and Section 548.5055, each fee collected by the department under this subchapter shall be deposited to the credit of the Texas mobility fund.

(b) Of each fee collected by the department under Section 548.501, 548.502, or 548.503, \$4.50 shall be deposited to the credit of general revenue fund.

(2) Renumber existing sections accordingly.

Representative Chisum moved to table Amendment No. 53.

A record vote was requested.

The motion to table prevailed by (Record 111): 86 Yeas, 56 Nays, 1 Present, not voting.

Yeas — Allen, R.; Anderson; Baxter; Berman; Blake; Bohac; Bonnen; Branch; Brown, B.; Brown, F.; Callegari; Campbell; Casteel; Chavez; Chisum; Cook, B.; Cook, R.; Corte; Crabb; Crownover; Dawson; Delisi; Denny; Driver; Eissler; Elkins; Farabee; Flynn; Gallego; Gattis; Goodman; Goolsby; Griggs; Grusendorf; Hamilton; Hamric; Hardcastle; Hartnett; Hegar; Hilderbran; Hill; Hope; Howard; Hughes; Hunter; Hupp; Isett; Jackson; Jones, D.; Keel; Keffer, B.; Keffer, J.; Kolkhorst; Krusee; Kuempel; Laubenberg; Madden; McCall;



McReynolds; Merritt; Miller; Mowery; Nixon; Orr; Otto; Paxton; Phillips; Pitts; Reyna; Riddle; Ritter; Seaman; Smith, T.; Smith, W.; Smithee; Straus; Swinford; Taylor; Truitt; Van Arsdale; Villarreal; Vo; West; Wong; Woolley; Zedler.

Nays — Allen, A.; Alonzo; Anchia; Bailey; Burnam; Castro; Coleman; Davis, J.; Davis, Y.; Deshotel; Dukes; Dunnam; Dutton; Edwards; Escobar; Farrar; Flores; Giddings; Gonzales; Gonzalez Toureilles; Guillen; Haggerty; Herrero; Hochberg; Hodge; Homer; Hopson; Jones, J.; Laney; Leibowitz; Luna; Martinez; Martinez Fischer; McClendon; Menendez; Moreno, J.; Moreno, P.; Naishtat; Noriega, M.; Oliveira; Olivo; Peña; Pickett; Puente; Quintanilla; Raymond; Rodriguez; Rose; Solis; Solomons; Strama; Talton; Thompson; Turner; Uresti; Veasey.

Present, not voting — Mr. Speaker(C).

Absent, Excused — Eiland.

Absent — Frost; Geren; Harper-Brown; King, P.; King, T.; Morrison.

### STATEMENT OF VOTE

I was shown voting no on Record No. 111. I intended to vote yes.

Solomons

#### Amendment No. 54

Representative Corte offered the following amendment to **CSHB 3**:

Amend **CSHB 3** as follows:

(1) On page 35, between lines 24 and 25, insert the following appropriately numbered SECTION and renumber subsequent SECTIONS of the part accordingly:

SECTION 3A.\_\_\_\_. Subchapter A, Chapter 151, Tax Code, is amended by adding Section 151.00392 to read as follows:

Sec. 151.00392. "INTERIOR DESIGN OR DECORATING SERVICES."

(a) "Interior design or decorating services" includes:

(1) interior design, as that term is defined by Section 1051.001, Occupations Code; and

(2) services relating to selecting, arranging, or advising others on the selection or arrangement of a building's or other structure's interior decorations, including furniture, draperies, rugs, carpets, and fixtures.

(b) "Interior design or decorating services" does not include services provided by a building contractor, architect, or structural engineer that relate to the planning, design, or installation of a system, including a structural, electrical, plumbing, heating, ventilating, air conditioning, or mechanical system, as a part of the design or improvement of a new or renovated structure.

(2) On page 35, line 26, strike "Sections 151.0043 and 151.0044" and substitute "Section 151.0043".

(3) On page 36, strike lines 10-17.

(4) On page 38, strike line 4 and substitute the following:

(19) interior design or decorating services.

(5) On page 39, strike lines 13-16 and substitute the following:

(b) The tax rate is 11[40] percent of the gross rental receipts from the rental of a rented motor vehicle for 30 days or less and 8.35[6-1/4] percent of the gross rental receipts from the rental of a rented motor vehicle for longer than 30 days, but not more than 180 days.

Amendment No. 54 was withdrawn.

### **Amendment No. 55**

Representative Turner offered the following amendment to **CSHB 3**:

Amend **CSHB 3** as follows by adding the following appropriately numbered Article to read as follows:

#### ARTICLE \_\_\_\_ . ELECTRIC FEE

SECTION \_\_\_\_ .01. Subtitle B, Title 2, Utilities Code, is amended by adding Chapter 42 to read as follows:

#### CHAPTER 42. FEE ON SALE OF ELECTRICITY

Sec. 42.001. APPLICATION OF CHAPTER. This chapter applies to:

(1) an electric utility that provides electric service to retail commercial customers;

(2) a retail electric provider;

(3) a municipally owned utility; and

(4) an electric cooperative that provide electric service to retail commercial customers.

Sec. 42.002. IMPOSITION OF FEE. Each electric utility, retail electric provider, municipally owned utility, and electric cooperative shall collect from each retail commercial customer a fee as provided by this chapter.

Sec. 42.002. RATE OF FEE. The rate of the fee imposed under this chapter is equal to \$5 for each megawatt hour sold to a retail customer each month.

Sec. 42.003. PAYMENT OF FEE. (a) On or before the 20th day of the month following the end of each calendar month, each electric utility, retail electric provider, municipally owned utility, or electric cooperative that is required to collect the fee under this chapter shall send to the comptroller the amount of the fee the utility, provider, or cooperative collected for the preceding calendar month.

(b) An electric utility, retail electric provider, municipally owned utility, or electric cooperative that makes timely payment of the fee imposed under this subchapter is entitled to retain an amount equal to one-half of one percent of the amount of the fees due as reimbursement for the costs of collecting the fee.

Sec. 42.004. REPORTS. On or before the 20th day of the month following the end of each calendar month, each electric utility, retail electric provider, municipally owned utility, or electric cooperative that is required to collect the fee under this chapter shall file with the comptroller a report stating:

(1) the number of megawatt hours sold to retail customers during the preceding calendar month; and

(2) any other information required by the comptroller.

Sec. 42.005. RECORDS. An electric utility, retail electric provider, municipally owned utility, or electric cooperative that is required to collect the fee under this chapter shall keep a complete record of:

(1) the number of megawatt hours sold to retail customers during the preceding calendar month; and

(2) any other information required by the comptroller.

Sec. 42.006. ALLOCATION OF TAX REVENUE. (a) The revenue from the fee imposed by this chapter shall be deposited to the credit of the general revenue fund.

(b) Fifty percent of the money deposited to the credit of the general revenue fund under Subsection (b) may be used only to reduce the rate of the taxes imposed under Chapter 151, Tax Code. The remainder of the money deposited under Subsection (a) may be used only to reduce the rates of the taxes imposed under Chapters 171 and 251, Tax Code.

Amendment No. 55 was withdrawn.

### **Amendment No. 56**

Representative Solomons offered the following amendment to **CSHB 3**:  
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Amend **CSHB 3** by adding the following Article and renumber the remaining Articles appropriately:

#### ARTICLE \_\_\_\_ REFERENDUM.

SECTION \_\_\_\_ .01. LEGISLATIVE INTENT. It is the Legislature's strong intention that, though the legislature has rarely conducted a referendum on matters of statewide importance, the will of the people should be honored and take precedence over any prior constitutional rule of law given the nature of this particularly important issue in our state.

SECTION \_\_\_\_ .02. REFERENDUM. On the September 10, 2005, uniform election date, the voters shall be permitted to vote in a referendum on the question of whether:

"The voters of Texas should approve measures to provide property tax relief by reducing property taxes and raising revenue to offset that reduction as passed by the 79th Legislature in **HB 3**."

SECTION \_\_\_\_ .03. BALLOT PROPOSITION. The ballot shall be printed to provide for voting for or against the proposition:

"Approval of reduction in property taxes and the raising of revenue to offset that reduction, as passed by the 79th Legislature in **HB 3**."

SECTION \_\_\_\_ .04. FORM OF THE BALLOT. The proposition shall be printed on the ballot beneath the proposed constitutional amendments under the heading: "Referendum Proposition."

SECTION \_\_\_\_ .05. ELECTION PROCEDURE. (a) Notice of the election shall be given by in the same as provided by law for notice of proposed amendments to the Texas Constitution.

(b) Returns of the votes cast on the proposition shall be prepared and canvassed in the same manner as the returns on proposed amendments to the Texas Constitution.

(c) Immediately after the results of the election are certified by the Governor, the Secretary of State shall transmit a copy of the certification to the Lieutenant Governor and the Speaker of the House of Representatives.

SECTION \_\_\_\_\_.06. EFFECT OF ELECTION. The measures to provide property tax relief by reducing property taxes and raising revenue to offset that reduction, as passed by the 79th Legislature in **HB 3**, may not be implemented or enforced if a majority of the votes cast in the referendum under this article are against the proposition.

SECTION \_\_\_\_\_.07. CONSTRUCTION OF THE ACT. (a) Except as provided in subsection (b), the rules of construction stated in Section 311.032, Government Code, apply to the construction of this Act.

(b) If a majority of votes cast in the referendum opposes the proposition and subsequently the portions of this article requiring a referendum is held invalid by a final judgement of a court of competent jurisdiction, this Act expires on the date on which the judgement of the court becomes final.

**AMENDMENT NO. 56 - STATEMENT OF LEGISLATIVE INTENT**

REPRESENTATIVE GOODMAN: Mr. Solomons, would you look on line 14 of your bill. And then again on line 19.

REPRESENTATIVE SOLOMONS: Line what...14?

GOODMAN: Line 14 and 19.

SOLOMONS: On page one?

GOODMAN: Yes.

SOLOMONS: Yes?

GOODMAN: I have a question really for intent other than anything else, Burt.

SOLOMONS: Okay?

GOODMAN: But it says: property tax relief by reducing property taxes, in both places.

SOLOMONS: Yes.

GOODMAN: Shouldn't it be defined to ad valorem school district property taxes—if you're going to put it on the ballot so they know exactly what they're reducing?

SOLOMONS: I don't think so. I think this is correct. I think I would stick with this.

GOODMAN: Okay, but your intent is school district property taxes.

SOLOMONS: School district property taxes.

GOODMAN: Real property only?

SOLOMONS: Real property.

**REMARKS ORDERED PRINTED**

Representative Goodman moved to print remarks between Representative Solomons and Representative Goodman.

The motion prevailed.

Representative Chisum moved to table Amendment No. 56.

A record vote was requested.

The motion to table was lost by (Record 112): 57 Yeas, 86 Nays, 1 Present, not voting.

Yeas — Allen, R.; Berman; Blake; Branch; Brown, B.; Brown, F.; Callegari; Campbell; Casteel; Chisum; Corte; Crabb; Crownover; Davis, J.; Delisi; Denny; Driver; Edwards; Eissler; Geren; Goolsby; Griggs; Grusendorf; Hamric; Hardcastle; Hartnett; Hill; Hope; Howard; Hupp; Jackson; Jones, D.; Keffer, J.; Kolkhorst; Krusee; Laney; Madden; Miller; Mowery; Nixon; Orr; Otto; Pitts; Reyna; Riddle; Seaman; Smith, T.; Smith, W.; Straus; Swinford; Talton; Taylor; Thompson; West; Wong; Woolley; Zedler.

Nays — Allen, A.; Alonzo; Anchia; Bailey; Bohac; Bonnen; Burnam; Castro; Chavez; Coleman; Cook, B.; Cook, R.; Davis, Y.; Dawson; Deshotel; Dukes; Dunnam; Dutton; Elkins; Escobar; Farabee; Farrar; Flores; Flynn; Frost; Gallego; Gattis; Giddings; Gonzales; Gonzalez Toureilles; Goodman; Guillen; Hamilton; Harper-Brown; Hegar; Herrero; Hilderbran; Hochberg; Hodge; Homer; Hopson; Hughes; Hunter; Isett; Jones, J.; Keel; Keffer, B.; King, T.; Kuempel; Laubenberg; Leibowitz; Luna; Martinez; Martinez Fischer; McCall; McClendon; McReynolds; Menendez; Merritt; Moreno, J.; Moreno, P.; Naishtat; Noriega, M.; Oliveira; Olivo; Paxton; Peña; Phillips; Pickett; Puente; Quintanilla; Raymond; Ritter; Rodriguez; Rose; Smithee; Solis; Solomons; Strama; Truitt; Turner; Uresti; Van Arsdale; Veasey; Villarreal; Vo.

Present, not voting — Mr. Speaker(C).

Absent, Excused — Eiland.

Absent — Anderson; Baxter; Haggerty; King, P.; Morrison.

**STATEMENTS OF VOTE**

When Record No. 112 was taken, my vote failed to register. I would have voted no.

Anderson

When Record No. 112 was taken, my vote failed to register. I would have voted no.

Baxter

I was shown voting yes on Record No. 112. I intended to vote no.

Blake

I was shown voting yes on Record No. 112. I intended to vote no.

Denny

When Record No. 112 was taken, I was in the house but away from my desk. I would have voted yes.

P. King

I was shown voting yes on Record No. 112. I intended to vote no.

Kolkhorst

I was shown voting yes on Record No. 112. I intended to vote no.

Madden

When Record No. 112 was taken, my vote failed to register. I would have voted yes.

Morrison

Amendment No. 56 was withdrawn.

**Amendment No. 57**

Representative Van Arsdale offered the following amendment to **CSHB 3**:  
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Amend **CSHB 3** by adding the following appropriately numbered article to the bill and renumbering subsequent articles accordingly:

ARTICLE \_\_. SEVERABILITY

SECTION \_\_.01. If any provision of this Act or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this Act that can be given effect without the invalid provision or application, and to this end the provisions of this Act are declared to be severable.

Amendment No. 57 was adopted.

**Amendment No. 58**

Representative Van Arsdale offered the following amendment to **CSHB 3**:

Amend **CSHB 3** by adding the following appropriately numbered ARTICLE and renumbering ARTICLES of the bill appropriately:

ARTICLE \_\_. SUPREME COURT JURISDICTION

SECTION \_\_.01. (a) The supreme court has exclusive jurisdiction over a challenge to the constitutionality of this Act or any part of this Act and may issue injunctive or declaratory relief in connection with the challenge.

(b) The supreme court shall rule on a challenge filed under this section on or before the 120th day after the date the challenge is filed.

Amendment No. 58 was adopted. (The vote was reconsidered later today, and Amendment No. 58 was withdrawn.)

**Amendment No. 59**

Representative Y. Davis offered the following amendment to **CSHB 3**:

Amend **CSHB 3** by adding the following new article and renumbering existing articles accordingly:

ARTICLE \_\_. LEGISLATIVE INTENT

SECTION \_\_.01. It is the intent of the legislature that the benefits of any property tax relief or other reduction in tax to any company or business entity as a result of the changes in law made by this Act benefit the economy of this state and that the tax savings realized by any business entity be reinvested in this state.

Amendment No. 59 was withdrawn.

**Amendment No. 60**

Representative Goolsby offered the following amendment to **CSHB 3**:

Amend **CSHB 3** as follows:

(1) Strike page 9, line 9, through page 11, line 8, and substitute the following:

Sec. 22.64. PUBLIC INFORMATION. A sales price disclosure report filed with a chief appraiser under this subchapter is a public record and must be made available on request for inspection and copying during normal business hours.

(2) On page 11, lines 11-12, strike "or by a title insurance company, lender, real estate agent, or attorney" and substitute "or by a person on behalf of the purchaser or grantee".

(3) On page 11, strike lines 13-16 and substitute the following:

(b) A person who prepares a sales price disclosure report on behalf of a purchaser or grantee of the property described in the report is not liable to any person for preparing the report or for any unintentional error or omission in the report.

Amendment No. 60 was withdrawn.

**Amendment No. 58 - Vote Reconsidered**

Representative Van Arsdale moved to reconsider the vote by which Amendment No. 58 was adopted.

(Smithee in the chair)

Amendment No. 58 was withdrawn.

(Speaker in the chair)

**Amendment No. 61**

Representative Geren offered the following amendment to **CSHB 3**:

Amend **CSHB 3** as follows:

On page 9, line 1 and 2, delete "if permitted by the chief appraiser,".

Amendment No. 61 was adopted.

**Amendment No. 62**

Representative Riddle offered the following amendment to **CSHB 3**:

Amend **CSHB 3** as follows:

(1) On page 9, after line 8, by adding the following appropriately numbered section and renumbering the subsequent sections accordingly:

Sec. 22.64. Confidential Information. (a) A sales price disclosure report filed with a chief appraiser under this subchapter is confidential and not open to public inspection. The report and the information it contains may not be disclosed to another person other than an employee of the appraisal district who appraises property, except as provided by Subsection (b).

(b) Information that is confidential under Subsection (a) may be disclosed:

(1) in a judicial or administrative proceeding under a lawful subpoena;

(2) to a purchaser, grantee, seller, or grantor named in the report or in the deed to which the report applies or to a representative of the purchaser, grantee, seller, or grantor under a written authorization signed by the purchaser, grantee, seller, or grantor or otherwise to a state certified or licensed appraiser under a written authorization signed by the purchaser, grantee, seller, or grantor;

(3) to the comptroller or to an assessor for a taxing unit in which the property described in the report is located;

(4) in a judicial or administrative proceeding related to real property taxation:

(A) to which the purchaser, grantee, seller, or grantor is a party;

(B) to which an owner of the property described in the report is a party; or

(C) by the appraisal district for the purpose of establishing a value of the property or of providing evidence of comparable sales to appraise another property;

(5) for statistical purposes if the information is provided in a form that does not identify a specific property or specific purchaser, grantee, seller, or grantor;

(6) if and to the extent that the information is required to be included in a public document or record that the appraisal office is required to prepare or maintain; or

(7) to a taxing unit or its legal representative that is engaged in the collection of delinquent taxes on the property described in the report.

(c) Information that is disclosed under this section does not lose its confidential character.

(d) A person, other than the purchaser, grantee, seller, or grantor, who obtains a sales price disclosure report or information from the report commits an offense if the person:

(1) discloses the report or information to a person who is not authorized under this section to receive the report or information; or

(2) permits such a person to view, read, or copy the report or information.

(e) An offense under Subsection (d) is a Class B misdemeanor.



(f) It is a defense to prosecution under Subsection (d) that the person who received information contained in the sales price disclosure report obtained the information from:

(1) a purchaser, grantee, seller, or grantor of the property described in the report; or

(2) a document or record other than the sales price disclosure report.

Representative Villarreal moved to table Amendment No. 62.

A record vote was requested.

The motion to table prevailed by (Record 113): 75 Yeas, 69 Nays, 1 Present, not voting.

Yeas — Allen, A.; Allen, R.; Alonzo; Anchia; Bailey; Blake; Bohac; Burnam; Casteel; Castro; Chavez; Chisum; Coleman; Cook, B.; Corte; Crownover; Davis, Y.; Delisi; Denny; Deshotel; Dunnam; Dutton; Edwards; Farrar; Gallego; Geren; Gonzalez Toureilles; Griggs; Grusendorf; Hamilton; Hamric; Herrero; Hochberg; Isett; Keel; Keffer, J.; King, P.; Kolkhorst; Krusee; Kuempel; Laney; Leibowitz; Luna; Martinez; Martinez Fischer; Menendez; Merritt; Miller; Moreno, J.; Morrison; Naishtat; Nixon; Oliveira; Olivo; Otto; Puente; Quintanilla; Raymond; Reyna; Rodriguez; Smith, T.; Smithee; Solis; Strama; Swinford; Talton; Thompson; Truitt; Turner; Uresti; Veasey; Villarreal; Wong; Woolley; Zedler.

Nays — Anderson; Baxter; Berman; Bonnen; Branch; Brown, B.; Brown, F.; Callegari; Campbell; Cook, R.; Crabb; Davis, J.; Dawson; Dukes; Eissler; Elkins; Escobar; Farabee; Flores; Flynn; Frost; Gattis; Giddings; Gonzales; Goodman; Goolsby; Haggerty; Harper-Brown; Hartnett; Hegar; Hilderbran; Hill; Hodge; Homer; Hope; Hopson; Howard; Hughes; Hunter; Hupp; Jackson; Jones, D.; Jones, J.; Keffer, B.; King, T.; Laubenberg; Madden; McCall; McClendon; McReynolds; Moreno, P.; Mowery; Noriega, M.; Orr; Paxton; Peña; Phillips; Pickett; Pitts; Riddle; Ritter; Rose; Smith, W.; Solomons; Straus; Taylor; Van Arsdale; Vo; West.

Present, not voting — Mr. Speaker(C).

Absent, Excused — Eiland.

Absent — Driver; Guillen; Hardcastle; Seaman.

### STATEMENT OF VOTE

When Record No. 113 was taken, my vote failed to register. I would have voted no.

Guillen

### Amendment No. 63

Representative Coleman offered the following amendment to **CSHB 3**:  
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Amend **CSHB 3** by inserting the following new Section and renumbering any remaining sections accordingly:

SECTION \_\_\_\_\_. SPECIAL REPORT ON EFFECT OF CERTAIN TAX POLICIES ON PERSONAL INCOME AND BUSINESS. No later than October 15, 2006, the Comptroller of Public Accounts shall submit a report to the governor and each member of the legislature providing a comprehensive analysis of the effect of certain tax policies on personal income and business. The report shall include, at a minimum, the following:

- (1) the total amount of business taxes collected under Article 2, Reformed Franchise Tax;
- (2) a profile of the businesses paying the reformed franchise tax by the number of employees, the amount of wages, the total amount of payroll taxes paid, the total amount of claimed credits, and the number and wages of employees over \$90,000;
- (3) a tax incidence analysis by income level on the increase in the sales tax rate on the sales tax base as that base existed prior to the effective date of this Act;
- (4) a tax incidence analysis by income level on each sales tax exemption or exclusion repealed by this Act; and
- (5) an analysis by income level of the Texans who itemize their federal income taxes and the amount of state sales taxes deducted from federal income taxes by income level."

**Amendment No. 64**

Representative Coleman offered the following amendment to Amendment No. 63:

Substitute the following for the Coleman amendment:

SECTION \_\_\_\_\_. SPECIAL REPORT ON EFFECT OF CERTAIN TAX POLICIES ON PERSONAL INCOME AND BUSINESS. No later than October 15, 2006, the Comptroller of Public Accounts shall submit a report to the governor and each member of the legislature providing a comprehensive analysis of the effect of certain tax policies on personal income and business. The report shall be updated before October 15, 2008. The report shall include, at a minimum, the following:

- (a) The total amount of business taxes collected under Article 2 of this Act;
- (b) A profile of the businesses paying the reformed franchise tax by the number of employees, the two-digit standard industrial classification, the amount of total wages and taxable wages, the total amount of taxes paid, any credits used to reduce tax liability, the percentage of taxes paid by companies with fewer than 100 employees, and an estimate of the number and wages of workers not covered by the tax;
- (c) A tax incidence analysis by industry sector and family income level of the limitation on school districts tax rates contained in this Act, the changes in business taxation contained in Article 2 of this Act, the increase in the rate of the sales tax on the sales tax base as that base existed prior to the effective date of this Act, each sales tax exemption or exclusion repealed by this Act; the increase in the rate of the motor vehicle sales and use tax contained in this Act, the increase in the rate of the boat and motor boat sales tax contained in this Act, the tax on

discretionary food and drink items contained in this Act, the increase in rates of the cigarette and tobacco products taxes contained in this Act, and the changes in the Telecommunications Infrastructure Fund contained in this Act.

(d) An analysis by income level of Texans who itemize their federal income taxes and the amount of state sales taxes deducted from federal income taxes by income level and the amount of deductions lost due to property tax rate reductions required by this Act.

Representative Chisum moved to table Amendment No. 64.

A record vote was requested.

The motion to table prevailed by (Record 114): 86 Yeas, 56 Nays, 1 Present, not voting.

Yeas — Allen, R.; Anderson; Baxter; Berman; Bohac; Bonnen; Branch; Brown, B.; Brown, F.; Callegari; Campbell; Casteel; Chisum; Cook, B.; Cook, R.; Corte; Crabb; Crownover; Davis, J.; Dawson; Delisi; Denny; Driver; Eissler; Elkins; Flynn; Gattis; Geren; Goodman; Goolsby; Griggs; Grusendorf; Haggerty; Hamilton; Hamric; Hardcastle; Harper-Brown; Hartnett; Hegar; Hilderbran; Hill; Hope; Hughes; Hunter; Hupp; Isett; Jackson; Jones, D.; Keel; Keffer, B.; Keffer, J.; King, P.; Kolkhorst; Krusee; Kuempel; Laubenberg; Madden; McCall; Merritt; Miller; Morrison; Mowery; Nixon; Orr; Otto; Paxton; Phillips; Pitts; Reyna; Riddle; Ritter; Seaman; Smith, T.; Smith, W.; Smithee; Solomons; Straus; Swinford; Talton; Taylor; Truitt; Van Arsdale; West; Wong; Woolley; Zedler.

Nays — Allen, A.; Alonzo; Anchia; Bailey; Blake; Burnam; Chavez; Coleman; Davis, Y.; Deshotel; Dukes; Dunnam; Dutton; Escobar; Farabee; Farrar; Flores; Frost; Gallego; Gonzales; Gonzalez Toureilles; Guillen; Herrero; Hochberg; Hodge; Hopson; Howard; Jones, J.; King, T.; Laney; Leibowitz; Luna; Martinez; Martinez Fischer; McClendon; McReynolds; Moreno, J.; Moreno, P.; Naishtat; Noriega, M.; Oliveira; Olivo; Peña; Pickett; Puente; Quintanilla; Raymond; Rodriguez; Rose; Solis; Strama; Thompson; Uresti; Veasey; Villarreal; Vo.

Present, not voting — Mr. Speaker(C).

Absent, Excused — Eiland.

Absent — Castro; Edwards; Giddings; Homer; Menendez; Turner.

### STATEMENT OF VOTE

I was shown voting yes on Record No. 114. I intended to vote no.

Merritt

Representative Chisum moved to table Amendment No. 63.

A record vote was requested.

The motion to table prevailed by (Record 115): 82 Yeas, 61 Nays, 1 Present, not voting.

Yeas — Allen, R.; Anderson; Baxter; Berman; Bohac; Bonnen; Branch; Brown, B.; Brown, F.; Callegari; Campbell; Casteel; Chisum; Cook, B.; Cook, R.; Corte; Crabb; Crownover; Davis, J.; Dawson; Delisi; Denny; Driver; Eissler; Elkins; Flynn; Gattis; Goodman; Goolsby; Griggs; Grusendorf; Hamilton; Hamric; Hardcastle; Harper-Brown; Hartnett; Hegar; Hilderbran; Hill; Hope; Hopson; Hunter; Hupp; Isett; Jackson; Jones, D.; Keel; Keffer, B.; Keffer, J.; King, P.; Kolkhorst; Krusee; Kuempel; Laubenberg; Madden; McCall; Miller; Mowery; Nixon; Orr; Otto; Paxton; Phillips; Pitts; Reyna; Riddle; Ritter; Seaman; Smith, T.; Smith, W.; Smithee; Solomons; Straus; Swinford; Talton; Taylor; Truitt; Van Arsdale; West; Wong; Woolley; Zedler.

Nays — Allen, A.; Alonzo; Anchia; Bailey; Blake; Burnam; Castro; Chavez; Coleman; Davis, Y.; Deshotel; Dukes; Dunnam; Dutton; Edwards; Escobar; Farabee; Farrar; Flores; Frost; Gallego; Gonzales; Gonzalez Toureilles; Guillen; Haggerty; Herrero; Hochberg; Hodge; Howard; Jones, J.; King, T.; Laney; Leibowitz; Luna; Martinez; Martinez Fischer; McClendon; McReynolds; Menendez; Merritt; Moreno, J.; Moreno, P.; Naishtat; Noriega, M.; Oliveira; Olivero; Peña; Pickett; Puente; Quintanilla; Raymond; Rodriguez; Rose; Solis; Strama; Thompson; Turner; Uresti; Veasey; Villarreal; Vo.

Present, not voting — Mr. Speaker(C).

Absent, Excused — Eiland.

Absent — Geren; Giddings; Homer; Hughes; Morrison.

### STATEMENT OF VOTE

When Record No. 115 was taken, I was temporarily out of the house chamber. I would have voted no.

Homer

### Amendment No. 65

Representatives Hardcastle, Bonnen, and Luna offered the following amendment to **CSHB 3**:

Amend **CSHB 3** by adding the following Section to Chapter 251, Tax Code, as added by Article 2 of the bill, as amended by the Keffer Amendment:

Sec. 251.0205. APPLICATION OF HEALTH CARE CREDIT TO OTHER PROVIDERS. (a) In this section, "physician" means:

- (1) an individual licensed to practice medicine in this state;
- (2) a professional association organized under the Texas Professional Association Act (Article 1528f, Vernon's Texas Civil Statutes);
- (3) an approved nonprofit health corporation certified under Chapter 162, Occupations Code; or
- (4) another person wholly owned by physicians and engaged in the practice of medicine as permitted by Subtitle B, Occupations Code.

(b) The credit provided by Section 251.020 also applies to a physician that participates in the Medicaid program, the Medicare program, or the Children's Health Insurance Program (CHIP) as a provider of health care services and that

receives not less than 15 percent of the provider's revenues during a calendar quarter from payments received under the Medicaid program, Medicare program, or Children's Health Insurance Program (CHIP), or any combination of the three.

Amendment No. 65 was adopted.

**Amendment No. 66**

Representative Howard offered the following amendment to **CSHB 3**:

Amend **CSHB 3** as follows:

(1) On page 38, strike lines 5-9 and renumber subsequent sections of the part accordingly.

(2) On page 43, between lines 25 and 26, insert the following:

(3) "Ale," "beer," "malt liquor," and "wine" have the meanings assigned by Section 1.04, Alcoholic Beverage Code.

(3) On page 44, line 2, strike "TAX IMPOSED." and substitute "TAX IMPOSED ON SOFT DRINKS AND SNACK FOOD."

(4) On page 44, strike lines 4-5 and substitute the following:

(b) The tax rate on soft drinks is two percent of the sales price of the soft drink.

(c) The tax rate on snack food is three percent of the sales price of the snack food.

(5) On page 44, line 6, strike "(c)" and substitute "(d)" and strike "chapter" and substitute "section".

(6) On page 44, between lines 11 and 12, insert the following:

Sec. 164.053. TAX IMPOSED ON CERTAIN ALCOHOLIC BEVERAGES. (a) A tax is imposed on each sale at retail of ale, malt liquor, beer, or wine.

(b) The tax rate is three percent on the sale price of the ale, malt liquor, beer, or wine.

(c) The tax imposed under this section is in addition to any other tax imposed by state law.

(7) On page 44, line 12, strike "164.053." and substitute "164.054.".

(8) On page 44, line 15, strike "164.054-164.100" and substitute "164.055-164.100".

(9) On page 44, line 13, strike "tax imposed under this chapter is" and substitute "taxes imposed under this chapter are".

Representative Geren moved to table Amendment No. 66.

A record vote was requested.

The motion to table prevailed by (Record 116): 101 Yeas, 40 Nays, 1 Present, not voting.

Yeas — Allen, A.; Allen, R.; Alonzo; Anchia; Anderson; Bailey; Baxter; Bonnen; Brown, F.; Campbell; Casteel; Castro; Chavez; Coleman; Cook, R.; Crownover; Davis, J.; Davis, Y.; Dawson; Denny; Deshotel; Driver; Dukes; Dunnam; Dutton; Edwards; Elkins; Escobar; Farabee; Farrar; Flores; Frost; Gallego; Geren; Giddings; Gonzales; Gonzalez Toureilles; Goodman; Goolsby;

Grusendorf; Haggerty; Hamilton; Hamric; Hardcastle; Hegar; Herrero; Hilderbran; Hodge; Homer; Hopson; Hupp; Isett; Jones, D.; Keel; King, P.; King, T.; Kolkhorst; Krusee; Kuempel; Laney; Leibowitz; Luna; Madden; Martinez; Martinez Fischer; McCall; McClendon; Merritt; Moreno, J.; Moreno, P.; Morrison; Naishtat; Nixon; Oliveira; Olivo; Orr; Otto; Pitts; Puente; Quintanilla; Raymond; Reyna; Riddle; Ritter; Rose; Smithee; Solis; Solomons; Strama; Straus; Swinford; Taylor; Thompson; Truitt; Turner; Uresti; Veasey; Villarreal; Vo; Wong; Woolley.

Nays — Berman; Blake; Bohac; Branch; Brown, B.; Callegari; Chisum; Cook, B.; Crabb; Delisi; Eissler; Flynn; Gattis; Griggs; Harper-Brown; Hill; Hochberg; Hope; Howard; Hughes; Jackson; Jones, J.; Keffer, B.; Laubenberg; McReynolds; Miller; Mowery; Noriega, M.; Paxton; Peña; Phillips; Pickett; Rodriguez; Seaman; Smith, T.; Smith, W.; Talton; Van Arsdale; West; Zedler.

Present, not voting — Mr. Speaker(C).

Absent, Excused — Eiland.

Absent — Burnam; Corte; Guillen; Hartnett; Hunter; Keffer, J.; Menendez.

#### STATEMENTS OF VOTE

I was shown voting yes on Record No. 116. I intended to vote no.

Baxter

I was shown voting yes on Record No. 116. I intended to vote no.

Giddings

When Record No. 116 was taken, my vote failed to register. I would have voted present, not voting.

Guillen

When Record No. 116 was taken, my vote failed to register. I would have voted yes.

Menendez

I was shown voting yes on Record No. 116. I intended to vote no.

Orr

I was shown voting no on Record No. 116. I intended to vote yes.

Rodriguez

(P. King in the chair)

#### Amendment No. 67

Representatives Luna, Hardcastle, and Hughes offered the following amendment to **CSHB 3**:

Amend **CSHB 3** as follows:

(1) On page 45, line 3, strike "\$70.50" and substitute "\$71.10".

(2) Strike page 46, line 16 through page 56, line 24.

Amendment No. 67 was adopted.

**Amendment No. 68**

Representative Thompson offered the following amendment to **CSHB 3**:

Amend **CSHB 3** as follows:

(1) on page 38, on line 3, between ";" and "and" insert the following and renumber Section 151.0101(a) (19) as Section 151.0101 (a) (20):

"(19) all membership dues and fees, membership initiation fees, products, clothing, food, meals, and beverages sold by a private club that has an alcohol beverage permit under Chapter 32, Alcohol Beverage Code;"

(2) on page 38, following line 11, by adding new Sections 3A.07 and 3A.08 to read as follows and renumbering subsequent sections:

"SECTION 3A.07. Subchapter H, Chapter 151, Tax Code, is amended by adding Section 151.327 to read as follows:

Sec. 151.327. SCHOOL SUPPLIES, TEXTBOOKS, BOOKS, AND OTHER INSTRUCTIONAL MATERIALS BEFORE START OF SCHOOL. (a) The sale or storage, use, or other consumption of a school supply, including textbooks, books, and other instructional materials, is exempted from the taxes imposed by this chapter if the school supply is purchased:

(1) for use by a student in a class in a public or private elementary or secondary school;

(2) during the period described by Section 151.326 (a) (2); and

(3) for a sales price of less than \$100 per item.

(b) For purposes of this exemption, "school supply" means:

(1) crayons;

(2) scissors;

(3) glue, paste, and glue sticks;

(4) pencils;

(5) pens;

(6) erasers;

(7) rulers;

(8) markers;

(9) highlighters;

(10) paper, including loose-leaf ruled notebook paper, copy paper, graph paper, tracing paper, manila paper, colored paper, poster board, and construction paper;

(11) writing tablets;

(12) spiral notebooks;

(13) bound composition notebooks;

(14) pocket folders;

(15) plastic folders;

(16) expandable portfolios;

(17) manila folders;

(18) three-ring binders that are three inches or less in capacity;

(19) backpacks and zipper pencil bags;

- (20) school supply boxes;
- (21) clipboards;
- (22) index cards;
- (23) index card boxes;
- (24) calculators;
- (25) protractors;
- (26) compasses;
- (27) music notebooks;
- (28) sketch or drawing pads;
- (29) paintbrushes;
- (30) watercolors;
- (31) acrylic, tempera, or oil paints;
- (32) tape, including masking tape and Scotch tape;
- (33) clay and glazes;
- (34) pencil sharpeners;
- (35) thesauruses; and
- (36) dictionaries.

(c) A retailer is not required to obtain an exemption certificate stating that the school supplies are purchased for use by a student in a class in a public or private elementary or secondary school unless the supplies are purchased in a quantity that indicates that the supplies are not purchased for use by a student in a class in a public or private elementary or secondary school.

SECTION 3A.08. Section 151.328(b), Tax Code, is repealed."

(3) on page 39, strike lines 11 through 16 and substitute the following:

"SECTION 3B.04. Sections 152.026(a) and (b), Tax Code, are amended to read as follows:

(a) A tax is imposed on the gross rental receipts from the rental of a rented motor vehicle or boat or aircraft.

(b) The tax rate is 10 percent of the gross rental receipts from the rental of a rented motor vehicle or boat or aircraft for 30 days or less and 7.35 [~~6.4~~] percent of the gross rental receipts from the rental of a rented motor vehicle or boat or aircraft for longer than 30 days."

Amendment No. 68 was withdrawn.

### **Amendment No. 69**

Representative Van Arsdale offered the following amendment to **CSHB 3**:

Amend **CSHB 3** by adding the following appropriately numbered ARTICLE and renumbering ARTICLES of the bill appropriately:

ARTICLE \_\_. SUPREME COURT JURISDICTION

SECTION \_\_.01. (a) The supreme court has exclusive jurisdiction over a challenge to the constitutionality of this Act or any part of this Act and may issue injunctive or declaratory relief in connection with the challenge.

(b) The supreme court shall rule on a challenge filed under this section on or before the 120th day after the date the challenge is filed.



**Amendment No. 70**

Representative Van Arsdale offered the following amendment to Amendment No. 69:

Amend the Van Arsdale amendment on page 1, after line 11, by inserting:

(c) This section does not apply to an action pending on the date on which the last legislative vote enacting this Act is taken.

Amendment No. 70 was adopted.

**Amendment No. 71**

Representative Dunnam offered the following amendment to Amendment No. 69:

Amend the Van Arsdale amendment to **CSHB 3** by striking the text of the amendment and substituting:

Amend **CSHB 3** by inserting a new appropriately numbered Article and renumbering subsequent articles accordingly:

ARTICLE \_\_\_\_ . APPEAL

SECTION \_\_\_\_ . (a) The constitutionality and other validity under the state or federal constitution of all or any part of Article 1 of this Act may be determined in an action for declaratory judgment in a district court in Travis County under Chapter 37, Civil Practice and Remedies Code.

(b) An appeal of a declaratory judgment or order, however characterized, of a district court, including an appeal of the judgment of an appellate court, holding or otherwise determining that all or any part of Article 1 of this Act is constitutional or unconstitutional, or otherwise valid or invalid, under the state or federal constitution is an accelerated appeal.

(c) If the judgment or order is interlocutory, an interlocutory appeal may be taken from the judgment or order and is an accelerated appeal.

(d) A district court in Travis County may grant or deny a temporary or otherwise interlocutory injunction or a permanent injunction on the grounds of the constitutionality or unconstitutionality, or other validity or invalidity, under the state or federal constitution of all or any part of Article 1 of this Act.

(e) There is a direct appeal to the supreme court from an order, however characterized, of a trial court granting or denying a temporary or otherwise interlocutory injunction or a permanent injunction on the grounds of the constitutionality or unconstitutionality, or other validity or invalidity, under the state or federal constitution of all or any part of Article 1 of this Act. The direct appeal is an accelerated appeal.

(f) This section exercises the authority granted by Section 3-b, Article V, Texas Constitution.

(g) An appeal under this section, including an interlocutory, accelerated, or direct appeal, is governed, as applicable, by the Texas Rules of Appellate Procedure, including Rules 25.1(d)(6), 26.1(b), 28.1, 28.3, 32.1(g), 37.3(a)(1), 38.6(a) and (b), 40.1(b), and 49.4.

(h) A district court shall issue its order on or before the 120th day after the day an action described by this section is filed before it.

(i) The supreme court shall issue its decision on or before the 120th day after the day it receives an appeal described by this section.

SECTION \_\_. (a) The supreme court has exclusive jurisdiction over a challenge to the constitutionality of any part of this Act, other than Article 1 of this Act, and may issue injunctive or declaratory relief in connection with the challenge.

(b) The supreme court shall rule on a challenge filed under this section on or before the 120th day after the date the challenge is filed.

SECTION \_\_. This article applies only to an action filed on or after the effective date of this Act.

Representative Nixon moved to table Amendment No. 71.

A record vote was requested.

The motion to table prevailed by (Record 117): 82 Yeas, 64 Nays, 1 Present, not voting.

Yeas — Allen, R.; Anderson; Baxter; Berman; Blake; Bohac; Bonnen; Branch; Brown, B.; Brown, F.; Callegari; Campbell; Casteel; Chisum; Cook, B.; Corte; Crabb; Crownover; Davis, J.; Dawson; Delisi; Denny; Driver; Eissler; Elkins; Flynn; Gattis; Geren; Goodman; Goolsby; Grusendorf; Hamilton; Hamric; Hardcastle; Harper-Brown; Hartnett; Hegar; Hilderbran; Hill; Hope; Howard; Hunter; Hupp; Isett; Jackson; Keel; Keffer, B.; Keffer, J.; King, P.(C); Kolkhorst; Krusee; Kuempel; Laubenberg; Luna; Madden; McCall; Miller; Morrison; Mowery; Nixon; Orr; Otto; Paxton; Phillips; Pitts; Reyna; Riddle; Seaman; Smith, T.; Smith, W.; Smithee; Solomons; Straus; Swinford; Talton; Taylor; Truitt; Van Arsdale; West; Wong; Woolley; Zedler.

Nays — Allen, A.; Alonzo; Anchia; Bailey; Burnam; Castro; Chavez; Coleman; Cook, R.; Davis, Y.; Deshotel; Dukes; Dunnam; Dutton; Edwards; Escobar; Farabee; Farrar; Flores; Frost; Gallego; Giddings; Gonzales; Gonzalez Tourelles; Griggs; Guillen; Haggerty; Herrero; Hochberg; Hodge; Homer; Hopson; Jones, D.; Jones, J.; King, T.; Laney; Leibowitz; Martinez; Martinez Fischer; McClendon; McReynolds; Menendez; Merritt; Moreno, J.; Moreno, P.; Naishtat; Noriega, M.; Oliveira; Olivo; Peña; Pickett; Puente; Quintanilla; Raymond; Ritter; Rodriguez; Solis; Strama; Thompson; Turner; Uresti; Veasey; Villarreal; Vo.

Present, not voting — Mr. Speaker.

Absent, Excused — Eiland.

Absent — Hughes; Rose.

### STATEMENT OF VOTE

When Record No. 117 was taken, I was in the house but away from my desk. I would have voted no.

Rose

A record vote was requested.

Amendment No. 69, as amended, was adopted by (Record 118): 81 Yeas, 64 Nays, 1 Present, not voting.

Yeas — Allen, R.; Anderson; Baxter; Berman; Blake; Bohac; Bonnen; Branch; Brown, B.; Brown, F.; Callegari; Campbell; Casteel; Chisum; Cook, B.; Corte; Crabb; Crownover; Davis, J.; Dawson; Delisi; Denny; Driver; Eissler; Elkins; Flynn; Gattis; Geren; Goodman; Goolsby; Griggs; Grusendorf; Hamilton; Hamric; Hardcastle; Harper-Brown; Hartnett; Hegar; Hilderbran; Hill; Hope; Howard; Hughes; Hupp; Isett; Jackson; Keel; Keffer, B.; Keffer, J.; King, P.(C); Kolkhorst; Krusee; Kuempel; Laubenberg; Madden; McCall; Merritt; Miller; Morrison; Mowery; Nixon; Orr; Otto; Paxton; Pitts; Reyna; Riddle; Seaman; Smith, T.; Smith, W.; Solomons; Straus; Swinford; Talton; Taylor; Truitt; Van Arsdale; West; Wong; Woolley; Zedler.

Nays — Allen, A.; Alonzo; Anchia; Bailey; Burnam; Castro; Chavez; Coleman; Cook, R.; Davis, Y.; Deshotel; Dukes; Dunnam; Dutton; Edwards; Escobar; Farabee; Farrar; Flores; Frost; Gallego; Giddings; Gonzales; Gonzalez Toureilles; Guillen; Haggerty; Herrero; Hochberg; Hodge; Homer; Hopson; Hunter; Jones, D.; Jones, J.; King, T.; Laney; Leibowitz; Martinez; Martinez Fischer; McClendon; McReynolds; Menendez; Moreno, J.; Moreno, P.; Naishtat; Noriega, M.; Oliveira; Olivo; Peña; Pickett; Puente; Quintanilla; Raymond; Ritter; Rodriguez; Rose; Solis; Strama; Thompson; Turner; Uresti; Veasey; Villarreal; Vo.

Present, not voting — Mr. Speaker.

Absent, Excused — Eiland.

Absent — Luna; Phillips; Smithee.

### STATEMENT OF VOTE

I was shown voting no on Record No. 118. I intended to vote yes.

Hunter

(Speaker in the chair)

### REMARKS BY REPRESENTATIVE OTTO

Thank you, Mr. Speaker and members. First I want to thank Chairman Keffer for asking me to come in and get involved in something that my background lent me to getting involved into.

But I want to talk to you now about why I came to Austin. I am a freshman; I am one of the new guys. But when I ran and I talked to the people in my district, the number one thing they said they wanted done in Austin, they said, was they wanted their property taxes lowered. That's why they sent me here. That's why I am voting for **HB 3**.

They also told me when I asked them where are we going to get the money to lower the property taxes? They said, well isn't there a lot of businesses out there that don't pay the franchise tax. And I said yes, there are. Every new business that comes into my office that says I want to incorporate, I say no you

don't—you want to form a limited partnership—put a one person LLC as a limited partner and you avoid the franchise tax. It's perfectly legal. This bill corrects that.

For that reason, for those two reasons—we're going to reduce property taxes, the M & O rate one third, and we're going to bring more businesses under the franchise tax—that's why I'm voting for the bill, and I hope you will too.

### REMARKS BY REPRESENTATIVE TURNER

Mr. Speaker and members, I know you're tired and so am I. And I know some of us are suffering from a stomach illness of some kind, and so it's not my intent to hold you very long at all on this. But let me just say to you, even though we are tired, I don't think there is a more important issue that we are going to deal with in this legislative session. I just think this is a very important issue that deserves all of our attention. In **HB 3**—included within **HB 3**—we have sales tax, and we're taking the sales tax to the national average. And when you include places like Houston/Harris County, the sales tax will be 9.25 percent. It will be the highest sales tax in the country. And we are implementing the highest sales tax in the country in this legislative session.

When I came to Austin in 1989, I certainly did not come here to make Texas a record breaker in terms of taxes on citizens in the State of Texas. In this session, we will be making history. And when you vote for **HB 3**, you are voting to make sales tax, which is regressive, one of the highest in the country. In **HB 3** we have payroll taxes; we have a compensation tax; we have a franchise tax; and I agree with Representative Smithee—we can argue we are moving one step closer to the implementation in full of an income tax in the State of Texas. When I came to the legislature in 1989, if anybody had asked me whether or not, in my opinion, Representative Mowery, we were going to be imposing an income tax on the people in the State of Texas I would have said no. When I ran in my district in 1989, I said to them I would not vote for an income tax in the State of Texas. I'm not voting for one in this one either. But in this **HB 3** we have the sales tax, the payroll tax, the compensation tax, the franchise tax, an income tax; and, when you read **HB 3** there is another tax. We have the telecommunication infrastructure tax. It is the TIF. All of that is in **HB 3**.

I never would have imagined that in this session we would be imposing so many taxes on the people of the State of Texas, on our businesses, and on consumers. I never would have thought that would have been the case. But it's one thing to impose taxes on the people in the State of Texas, it's another thing to ask for what purpose for which they are being done. I too believe that property taxes are too high. And I too would vote to reduce property taxes. There is no question that the people in the State of Texas are paying too high on property taxes. But when you look at the sheet, when you look at the minimum household income of the people in the State of Texas, under **HB 3**, unless you are making \$100,000 or more, you're not going to receive the benefits. And so I would say to you, yes, they need property tax reduction. I don't believe this is the right way to do it.

I told Chairman Keffer and I've told others on the floor that if **HB 3** is indeed tied to **HB 2**; that if we were talking about financing in part the educational system, I probably could get there. And I probably could go back to my district and say to the people in my district, I voted for a sales tax; I voted to make it the national average; I voted for a payroll tax; I voted for a compensation tax; I voted for a franchise tax—well, I certainly can't tell them I voted for an income tax because I wouldn't vote for that—but I voted for a TIF, but I did it in part to make sure that all of the children in the State of Texas receive a quality education. I can argue for that. I can argue for that because the cost of education is not cheap. But **HB 2** is not tied to **HB 3**. We give a property tax reduction, but every tax we impose goes to the property tax reduction and none goes to education. And something is wrong with that.

At my church—at my church, we say, "To him whom much is given, much is required." I believe that's true on Sunday. I believe that is also true in the Texas House. "To him whom much is given, much is required." At my church, we say it on Sundays and on Wednesdays and Thursdays it is not equal in giving, it's equal in sacrifice. Not equal in giving, equal in sacrifice. Representative Bohac, in this bill **HB 3** we reverse it. According to LBB—not just the *Houston Chronicle*—utilities and transportation, when you combine **HB 2** with **HB 3**, they get a net savings of \$222 million. Mining, oil, and gas, LBB, they get a net savings of \$169 million. Manufacturing and petrochemical companies, they get a net savings of \$231 million. Finance, insurance, and real estate—even with Representative Rose's amendment—they get a net savings of \$896 million. When you combine **HB 2** with **HB 3**, they receive a net savings. I don't think that it's equal in giving or equal in sacrifice. The people who pay more, percentage-wise under **HB 2**, are the people who can least afford it. And we're asking them to pay more. When you look at **HB 3**, I cannot justify it. What we have, Representative Delisi, is once we pass **HB 3**, let me tell you what we're going to have. We're setting up a major fight for—on the appropriations bill—for everything that's left.

You only go this tax route one time. You're only going to vote for a sales tax, a payroll tax, a compensation tax, a franchise tax, an income tax, and a TIF one time. What about our community colleges? What about our children? What about our universities? What about the other institutions that need money? What do we say to them? And lastly, the Texas Supreme Court has not even said that what we have done is good enough. And suppose the Texas Supreme Court comes back a few months from now and says that our public school system is still unconstitutional and we need to do more. How many of us on this floor will vote again for a tax on consumers and on our businesses? I would venture to say we only want to do this one time.

Let me compliment Chairman Keffer. Let me compliment his committee. Dealing with taxes is not an easy job. There are winners and there are losers. And no one really is satisfied at the end of the day. I want to commend you for what you have done and how you've handled the process. My disagreement does not go to Chairman Keffer or to his committee. But it is a fundamental policy question and that is, at the end of the day would we vote on these taxes—and we

go home, the argument some will make is that we lowered the property taxes. That may be good. But when you add all of these other taxes that we are about to impose on the people of the State of Texas; when you add the TIF; when you add the sales, the payroll, the compensation, the franchise tax? No. And I will not—I will not—I will not vote for an income tax in the State of Texas. I will not. And I won't allow the cover of a property tax to be a cover for what we are doing in this session, I won't do it. To him whom much is given, much is required. And is not equal in giving, is equal in sacrifice. And today we are asking the poor to do much more, and we're not even educating them with the money that they are giving. Something is wrong with this picture. I shall vote no, and I hope you will do the same.

### REMARKS BY REPRESENTATIVE PITTS

Sylvester, I know many of you may not be happy with parts of this bill. Ms. Thompson, I know many of you would have preferred that a tax be applied to some other item or service or that no tax be applied at all. I'll be the first to tell you that I'm not 100 percent excited about 100 percent of this bill. But the voters in my district made it clear that when we addressed school finance, we addressed the issue of property taxes. And for them, that meant a significant cut. And **HB 3** has done that and much more. And for that, I want to tell Mr. Keffer and the committee thank you from the people of my district.

**HB 3** provides significant property tax relief—a reduction of one third without a net tax increase. Such a significant property tax cut will go a long way toward helping many Texans realize the dream of home ownership and ensure others will be able to keep their most valuable asset—their home.

**HB 3** eliminates the enormous loopholes in the franchise tax, loopholes that allow more than 80 percent of the businesses that operate in this state to get away with paying no taxes. The franchise tax, as it stands now, is a joke and is incapable of keeping pace with the economic changes of the Texas of tomorrow. For the first time, businesses in Texas have the opportunity to choose what form of tax they will pay versus just taking the option of shirking any responsibility to the state. We've got a way here to ensure that the tax Texas businesses pay is fair and equitable and in the process kept at a low rate. Small businesses are protected in this bill, keeping their tax burden as low as possible. Small businesses are one of the major sources of jobs in this state.

Members, we have the opportunity tonight to do something historic. We have the opportunity to say we appreciate the sacrifices average Texans make to buy and keep a home. We have the opportunity to say we know that homeowners have carried too much of the burden for too long. We also have the opportunity to say that if you're going to do business in this state, you're going to have to pay your fair share. Because helping to pay for an educated workforce shouldn't be too much to ask of a corporation that benefits from doing business in this state.

I hope you'll join me in supporting Chairman Keffer by voting in favor of **HB 3**.

**REMARKS BY REPRESENTATIVE COLEMAN**

Mr. Speaker, members, thank you very much. I brought charts. I thought that might add a little bit to the discussion. You also have some charts on your desk about the effect of this bill and how regressive the particular taxes are that are in here. Clearly, the sales tax is regressive, and when we look through on different types of taxes there's a lot of regressivity. But I think if you look at the chart that says how much families pay that you will see that those families that are below \$100,000 in income pay the majority of the taxes in this bill. Those that are over \$100,000 in income pay are the ones who get a tax reduction. I think if you also look at how much that is, those families that are under \$100,000 in income pay about \$1.2 billion in taxes, and those that are over \$100,000 in income, in aggregate, get a reduction of \$437 million in taxes and the other \$700 million goes to the Internal Revenue Service for taxes from the people of the State of Texas. This is the piece that's on your desk.

Now, if you look at your districts, and I'll start with mine, and the number of people that have incomes under \$50,000, the percentage of people, families that have household income under \$50,000. In my district, 73.2 percent of the families have incomes under \$50,000. So, based on this chart that comes from the LBB in the tax equity note based on the regressivity under the sales tax, 73.2 percent of my constituents will at least pay for the sales tax—I mean for the tax cut for the other constituents. Let's go through some others. Let's see, let's do Mr. Hochberg. Scott, 77.4 percent of the people in your district make—households make under \$50,000 a year. You may know that. Mr. Nixon, 59.8 percent of the people in your district make under \$50,000 a year, and if we took that to under \$100,000 a year, which is based on this chart, that would be 86 percent of the people in your district that will pay more taxes than those who get a reduced tax burden in your district. I think if you go through many of the people in districts around the state—Mr. Chisum, who didn't want to study the taxes that are presented here, 95 percent of the people in his district make under \$100,000 a year. So, 95 percent of the people in his district will pay new taxes. So, let's take Mr. Chisum's district at \$50,000 and below. At \$50,000 below in income, family income, in Mr. Chisum's district that would be 72.3 percent of his constituents. I think Ms. Elvira Reyna wants to know hers. Ms. Reyna, in your district 51 percent of the people make under \$50,000 a year. And you can find this information on your Web sites, members. It's there for the public to see.

The only reason I bring this up is, we've heard a lot of talk about cutting taxes for constituents. And when you look at this, this isn't revenue neutral for the people of the State of Texas. It's revenue neutral for the government of the State of Texas. When you look at the people you represent in your districts, the majority of them, except for a few, are going to pay more taxes. I don't think that was the intention coming to this floor this evening. I think the intention was this was going to be a tax cut on properties and somehow the people of the State of Texas would win. Well, unfortunately 80 percent of them lose. I really don't believe that was the intention of the people that rolled this bill out on the floor today. But I will tell you it is not revenue neutral to the people of the State of Texas. These charts don't lie because they come from this government that you

run. That we run. So, in the final analysis at the end of the day, when you vote for **HB 3**, you are voting to raise taxes on 80 percent of the people in this state. And particularly those who can afford it the least. That is a shame. That is an absolute shame that we would shift the tax burden, as Sylvester said, to those who can afford it the least.

Now, some people may not think it's fair to call names. Maybe it's not. But I've heard a whole lot of people making discussions about what this does for the people in their districts and what the people told them. So, I guess 55 percent of the people, Jim, in your district that make under \$50,000 a year, they told you to raise their taxes? Because you just said they told you to reduce their taxes. But under this bill you raise their taxes. So, members, I brought some charts because sometimes it doesn't work when I'm talking and I want to make sure that it's graphically represented. But it doesn't take much. Look at your own Web sites. Look at the income of the people in your districts and make sure that you're voting on their behalf. And if you're sure of that, and if you're sure you haven't raised their taxes unnecessarily for the benefit of someone else, then your conscious will be very clear on this vote. But if you're not sure, review your Web site before this vote and make sure that you're not making a mistake when it comes to the desires and needs of people in your district.

Mr. Keffer, you've done a great job. All the members who have helped you have done a great job. I think that clearly this was laid out very well. However, it misses the mark, and it misses the mark because it shifts the tax burden to all the people, the people in the State of Texas who make less than \$100,000 a year. Particularly those that make less than \$50,000 a year and gives the tax breaks to those that make over \$100,000 a year. I don't think that was the intent of this bill, and in order not to have this bill move forward and that be how we change the tax system in Texas, we should vote no. Clearly, if someone said this was more equitable, show me. I haven't been convinced today at all that it is. So, thank you for letting me take up some time on the mic. Look through the little chart. Go on your Web sites. You don't need a study to see it. It's all plain in front of you. Please, vote no on **HB 3**.

#### **REMARKS BY REPRESENTATIVE GEREN**

Mr. Speaker, members, I'm not going to take much time. Mr. Keffer, I really do appreciate the work y'all have put into this. I think you're crazy to have wanted the job that you got. But I really do thank you for taking it.

I am a small businessman. I don't like all of this bill. But, in my opinion, it's a much more fair tax than what we pay today. I pay the franchise tax. I pay it at my ranch; I pay it at my restaraunt. The big law firms in Texas don't pay a dime. It's time for them to share, it's time for them to participate in the same taxes that I'm paying today.

The insurance companies were in here. They were going to be excluded, or actually not excluded, but they were going to get discounted. None of us were going to get that same discount. The house voted to take that away. The insurance companies, for once, are being treated the same as the rest of us are.



There's no cap on the payroll tax. So the big CEOs are going to have to—we're going to have to pay tax. If you've got a company that's paying a CEO \$1 million, it's 1.15 percent. The cap that—the committee took the payroll tax cap off. It's not the best thing in the world. Am I going to have to go home and explain this to my constituents? Yes. I do think it's the best thing for the State of Texas. And for that reason I'm going to vote for this bill, and I'm not going to hold my nose when I do it. This is the right bill coming out of the house. Chairman Keffer, thank you.

#### **REMARKS BY REPRESENTATIVE BURNAM**

Mr. Speaker, members, it's probably not a surprise to you that I'm rising to speak against this bill. This is probably one of the most regressive tax bills adopted by any body, legislative body in this country in the last decade, and none of us will be surprised if it passes. But it is, indeed, one of the most regressive.

We have over the last several months heard a lot about Robin Hood, but we haven't heard very much discussion about the Sheriff of Nottingham. I want to remind you about the other player in what was one of my favorite television shows as I was coming up as a kid. Because we were taught in church, at least three times a week, that you were supposed to side on the side of the poor. And, Robin Hood tried to balance the scales of injustice because the Sheriff of Nottingham was about the business of white collar thievery, the hard-earned tax dollars of the working poor. This bill is about shifting the balance. Shifting the balance in a state that has the most regressive tax systems of any state in the country to an even greater imbalance. So tonight may be a night for the Sheriff of Nottingham to celebrate, but, let me remind you, Robin Hood will be back. It took several years for the people of England to fight back against the injustices and it may take as many years for the people of Texas to fight against the injustices that are proposed for them tonight.

This is an unfair tax. It is unbalanced. I'm not as eloquent as Sylvester and I don't have the facts and charts like Garnet has, but I remember the story and it's one that we talk about on Tuesday mornings over here at 7 o'clock in the morning. It's one we talk about when we start prayer on this legislative body everyday. But it's one we consistently ignore in our public policy processes.

#### **REMARKS BY REPRESENTATIVE ISETT**

Thank you, Mr. Speaker. Members, in tax law and in creating tax structures, it works like this: Legislative bodies like this one pass a tax law. Then clever attorneys and accountants figure out a way that—a way around that tax law in order for the benefit of their clients. Then the legislative body comes back in and closes those loopholes again to try and maintain the integrity of their tax base. That's what we're doing today. We're trying to close some significant loopholes that have allowed a lot of people to save a lot of money on their taxes. Was it legal? Certainly, it was legal. Was it ethical? Certainly, it was. But, it has been to the detriment of Texas.

It has been—all of you who have served Sylvester on appropriations has known that we are basing financing our schools on a declining tax base. We do not have a tax system that is robust enough to capture what's going on in our

economy. It is not a tax base that can grow with our economy over the next several years. That's why we have to move to something that captures what's going on in our economy in the service sector as we move away from an industrial economy to a service-based economy. We need to do that. Now, is this the best mechanism to do it? I think it's a good one; I think it's a good start. Is this the last time we will see this bill? I hope not; I hope we get to see something that the senate does—something we have an opportunity to work forward in conference. We cannot have tax relief for property owners, the property owners who have been bearing the brunt of high taxation to fund our schools as a result in part of the Robin Hood school system and have funded many of the things that our local communities have tried to do almost solely on their shoulders. This is a way to give relief to those property tax holders, both capital intensive industry as well as homeowners. Members, it's time we do something in Texas to make our tax structure more robust. I urge you to vote for **HB 3**.

### REMARKS BY REPRESENTATIVE MARTINEZ FISCHER

Thank you, Mr. Speaker. Members, you've heard a lot of arguments, some compelling, some that made some very good points. I was trying to figure out a way to talk to you this evening without going over and over again what's been mentioned. I was really torn to find the best way to connect with you. So, I had to go to the Good Book to get some guidance. Now, if you're a follower of the Old Testament and you know the writings of Moses in Leviticus, he talked about what do you do when it's time to harvest the field. When you harvest the field and you harvest the vineyard for the grain and for the grape, you don't take it all. In fact, Moses said very clearly, you leave some behind for the poor, for the sojourner. If you're a follower of the New Testament, Jesus says it very clearly in Matthew that what you do to the least of my family, you've done it to me. You've made it very clear that we need to take care of those that are the least among us.

For those of you that follow other teachings, I want to talk to you a little about what one gentleman—who I never thought I'd be referencing on the front mic—but when I see clippings and I see quotes from Grover Norquist, Americans for Tax Reform, and he says that **HB 3** would raise the cost of everything produced in the state and eliminate Texas' competitive advantage, and the sales taxes would raise the cost of every consumer good, lowering the standard of living for Texas workers. It seems the house wants to shut down Texas for business. He goes on to say that he hopes the members of this body who signed this no tax pledge—he says "I hope these people are not married and do not take their marriage vows as flippantly as they're hinting they ought to be able to take their commitments to their constituents." And that's Grover Norquist on not trusting lawmakers who are wavering on the Americans for Tax Reform pledge.

We said earlier—I brought out this penny to make a point on school supplies. Eleven billion dollars, members. Not one penny is going to go to education. Not one penny. There is something to be said about that. Think about those in terms of your values. What kind of message are we sending? Yes, tax relief is important. But tax relief is not everything.

And we're not sending one nickel to the children of Texas, but you have an election. You have an election to either vote for a jobs tax or an income tax, however you want to phrase it, whatever frame you want to put on it. But that's what it is. It's a jobs tax or an income tax. Frankly members, this isn't a tax bill, this is a tax pill. Here it is, here's your tax pill. They want us to swallow this but you can't. You cannot vote for this tax bill. You cannot swallow this tax pill.

For those of you who are voting to move this process forward, I remind you that we have not heard from the other chamber. We have not heard from our governor who will not commit to this bill. Says he's open to it. We know how he felt in May during the special. He didn't like this bill. He didn't like the components of this bill. As of March 5, the spokesperson could not commit the governor to this bill—only that he wants to see the process move forward, and he wants to make sure that there's going to be viable revenue options and this is not going to deter our ability to create jobs. Doesn't sound like a whole-hearted endorsement, members.

So please, if you have not made up your mind. If you are thinking about some of the things that I've just talked about or some of the things people before me have talked about, you should remember that this tax bill whether you like it or not is going to hurt people in your districts. I think that should be the over-arching concern as you deliberate over this bill.

#### REMARKS BY REPRESENTATIVE J. KEFFER

Well, what a journey members. You know, I guess the two most feared words in the English language that start with C is cancer and change. This is change, there's no doubt about it. You know, when we started looking at this, we wanted to make, I guess, the greatest, I think, contribution to the people of Texas. That is by cutting their property taxes by one third. That is something that stands in the way of home ownership. Texas is 45th in the nation in home ownership, and one of the main reasons is the high cost of our property.

As economic chairman, I saw time and time again on the economic development committee that our high property taxes stood in the way of development of jobs in this state. That's what we're doing, members. We're doing the citizens of this state—we're answering their plea to lower their property taxes. What the comptroller has told us on this chart is that **HB 3** creates jobs, creates investment, and helps personal wealth. That is what we are doing with **HB 3**, members. That's what we need to focus on.

Also, the fairness. Eighty-three percent of businesses in this state do not, at this time, pay into the franchise tax. That is not fair. **HB 3** goes a long way in putting that obligation, that contribution of our business community into our revenue stream. That's what we set out to do in **HB 3**, and that's what I feel we have done.

I remember when Paul Sadler used to be up here and he would talk about defining moments. Usually he was talking about his bills, but defining moments are there. Now, I'm not going to be so bold to tell you this is a defining moment. We're still early in the session. But this is a bold move. This is a bold move for the positive. This is a bold move for the people of Texas.

Speaker Laney, thank you for a long time ago telling me to believe in the process. We have seen the process work with **HB 3**. We have heard your concerns. We have heard your problems, and we have attempted in **HB 3** to change and to make this the best policy that this house can vote out, and I think we have done it. Before I forget, I want to thank Vice-Chair Villarreal, the Ways and Means Committee for their hard work—the many hours that they put in to study and to look at what we could do in **HB 3**, and I thank you for the long hours you put into that. New members, I want to thank you for your input. Those of you who are voting against the bill and for the bill, thank you for your commitment to do the right thing for the people of Texas, and I thank you so much for that. It's fair, and, members, I want to thank you again for your help in this. Mr. Speaker, show me voting aye.

### REMARKS ORDERED PRINTED

Representative Castro moved to print closing remarks on **CSHB 3**.

The motion prevailed.

A record vote was requested.

**CSHB 3**, as amended, was passed to engrossment by (Record 119): 78 Yeas, 70 Nays, 0 Present, not voting.

Yeas — Mr. Speaker(C); Allen, R.; Anderson; Baxter; Berman; Blake; Bohac; Bonnen; Branch; Brown, B.; Brown, F.; Callegari; Campbell; Casteel; Chisum; Cook, B.; Corte; Crabb; Crownover; Davis, J.; Dawson; Delisi; Denny; Driver; Edwards; Eissler; Elkins; Flynn; Gattis; Geren; Goodman; Goolsby; Griggs; Grusendorf; Hamilton; Hamric; Hardcastle; Harper-Brown; Hartnett; Hilderbran; Hill; Hope; Howard; Hunter; Hupp; Isett; Jackson; Keffer, B.; Keffer, J.; King, P.; Kolkhorst; Krusee; Kuempel; Madden; Miller; Morrison; Mowery; Nixon; Orr; Otto; Phillips; Pitts; Riddle; Seaman; Smith, T.; Smith, W.; Smithee; Solomons; Straus; Swinford; Talton; Taylor; Truitt; Van Arsdale; West; Wong; Woolley; Zedler.

Nays — Allen, A.; Alonzo; Anchia; Bailey; Burnam; Castro; Chavez; Coleman; Cook, R.; Davis, Y.; Deshotel; Dukes; Dunnam; Dutton; Escobar; Farabee; Farrar; Flores; Frost; Gallego; Giddings; Gonzales; Gonzalez Toureilles; Guillen; Haggerty; Hegar; Herrero; Hochberg; Hodge; Homer; Hopson; Jones, D.; Jones, J.; Keel; King, T.; Laney; Laubenberg; Leibowitz; Luna; Martinez; Martinez Fischer; McCall; McClendon; McReynolds; Menendez; Merritt; Moreno, J.; Moreno, P.; Naishtat; Noriega, M.; Oliveira; Olivo; Paxton; Peña; Pickett; Puente; Quintanilla; Raymond; Reyna; Ritter; Rodriguez; Rose; Solis; Strama; Thompson; Turner; Uresti; Veasey; Villarreal; Vo.

Absent, Excused — Eiland.

Absent — Hughes.

### STATEMENTS OF VOTE

I was shown voting yes on Record No. 119. I intended to vote no.

Hilderbran

When Record No. 119 was taken, I was temporarily out of the house chamber. I would have voted no.

Hughes

### REASONS FOR VOTE

As state representative for District 138, I will support school finance reform, which achieves all of the following five principles: 1) Protects local community control including local enrichment; 2) Significantly reduces local school property taxes and lowers the annual appraisal cap; 3) Properly funds the needs of present and future classroom excellence and teacher benefits; 4) Avoids court mandated control of our schools; and 5) Is supported by the citizens of District 138. I acknowledge that **HB 2** and **HB 3** are a work-in-progress toward achieving these goals for educational reform and property tax relief. I look forward to continuing the legislative process and working with the state senate as we move toward crafting a final version of these bills, which will achieve the goals outlined above.

Bohac

This bill does not cure inequities in the business tax system in this state and may exacerbate them. The business tax aspects of **CSHB 3** were originally alleged to be a "closing of the franchise tax loophole," but in fact the bill sent to the house floor imposed a labor-intensive tax in the form of a new payroll tax. The inequities of such a scheme becoming clear to all concerned, the authors adopted amendments on the floor to try and mitigate the bill by allowing businesses to opt between the new payroll tax or a "franchise tax" option. But the option still has the effect of treating marginal, labor-intensive businesses unfairly.

Large capital-intensive businesses—involving in many instances much wealthier enterprises with relatively few employees—will reap the effects of a property tax reduction windfall while at the same time not sharing equitably with small businesses in any significant new tax burden. Many small businesses that create the bulk of minimum wage and skilled jobs in the service sector such as restaurants, auto repair shops, etc. that perhaps lease their business premises, will be saddled with either a new franchise tax or worse, a payroll tax that will serve as a significant disincentive for them to expand their employee payrolls. Even if they opt for the franchise tax, the new tax burden compared to their gross receipts will be significant. The same will not be true with many larger, wealthier, capital-intensive businesses.

The bill, therefore, does not move us in the direction of a fairer business tax, nor does it truly serve to close the "franchise tax loophole," and for that reason, I cannot vote for the bill.

Keel

Although tonight I cast a vote in favor of **CSHB 3**, I do so with great caution and concern. The effects of rising property taxes have touched my district very heavily, and for that reason I will support this legislation. By far, the loudest message from my constituents has been that our public education system is too reliant on property taxes, and I will answer that call with this vote. However, the increased funding for our schools and the significant reduction in property taxes

are being achieved by a variety of other taxes, many of which will affect my own family business as well as others in my district. Most of my constituents have stated that a consumption tax is the fairest tax even though charts, graphs, and other information provided say that a consumption tax is regressive and could cost many of my constituents more money. Today, the current business franchise tax is not fair and equitable, and to assess the many pros and cons of this legislation would require dozens, if not hundreds of pages, but I believe that all businesses should pay or no business should pay a business tax. In summation, I would like to record in the journal that it is my hope that the lower property taxes will not only help more average Texans realize the American Dream of home ownership, but also create more business expansion and, therefore, offset any disincentive caused by the different revenue-generating measures within this bill.

Kolkhorst

More than any other legislative session, this one should be about establishing an equitable and adequate school funding system that will work for the long term. The Texas Constitution gives the legislature the responsibility of funding an equitable and adequate public school system. By definition, an equitable and adequate school funding system has to mean limiting our reliance on local school property taxes. For me that also means improving the fairness of our tax system.

Today, moderate and low-income families pay the brunt of Texas' tax burden while they see few benefits for their sacrifice. Now is the time to correct this injustice. **CSHB 3** fails on that account, in fact it makes our tax system more regressive. It actually increases the tax burden of Texans earning less than \$100,000. The proposed increases in sales taxes will give Texas the distinction of having the highest sales tax rate in the country. No one can argue that low-income Texans pay a greater portion of their income in sales taxes. All such consumption taxes are regressive.

In addition, this body passed a payroll tax which amounts to a "job tax." This tax will negatively impact lower wage employees as businesses will want to pass this new tax burden onto employees. The modest property tax reduction that this bill proposes will surely be outweighed by the increases in regressive taxes that offset them.

**CSHB 3** will not help the nearly 40 percent of households in this state which rent or the 62 percent who rent in my own district. These Texans will pay more taxes. They will pay much more in sales tax and may suffer reductions in job benefits or stagnant wages or lower starting wages due to the payroll tax.

Sadly, in this session we have not addressed the issue of equitable and adequate school funding. Instead, we have entirely devoted ourselves to the objective of property tax cuts. And nothing more. To be sure, reducing local property taxes is important. By doing so the State meets its duty to shoulder an increased share of public school funding.

But I believe we are doing Texas school children and tax payers a tremendous disservice by not considering all options to solve our school finance crisis. The legislature should consider all options which maximize equity in financing our public schools and maximize local property tax relief.

We have failed to discuss the option of giving the people of Texas the right to vote on a progressive personal income tax, one that would eliminate or significantly reduce the local maintenance and operation school property tax and would be constitutionally dedicated to public education. This alternative offers a fair distribution of the tax burden, and it would provide both equity and adequacy in financing public education for generations of Texas schoolchildren to come.

Rodriguez

Today the Texas House made a historic change to the way we collect taxes. The leadership for the past several days has gone to great lengths using creativity and good judgment to develop a final bill that warrants the support of a majority of the members of the house. While we may disagree with some of the details, it is important to remember that the process dictates that spending bills must originate in the house. We have lived up to our part of the process and have moved toward a more equitable way to tax businesses in Texas and toward reducing the reliance on property taxes to fund our schools.

It is a positive step in the process that will ensure that the schools and schoolchildren of Texas get the funding they need to be successful. Now, with the help of the Texas Senate, we can complete the process and reach goals that we share, securing prosperity for Texas businesses and success for the schoolchildren of Texas.

Straus

### **COMMITTEE MEETING ANNOUNCEMENTS**

The following committee meetings were announced:

Financial Institutions is cancelled.

Natural Resources is cancelled.

State Affairs is cancelled.

Insurance is cancelled.

### **COMMITTEE GRANTED PERMISSION TO MEET**

Representative Hartnett requested permission for the Committee on Judiciary to meet while the house is in session.

Permission to meet was granted.

### **FIVE DAY POSTING RULE SUSPENDED**

Representative Hartnett moved to suspend the five day posting rule to allow the Committee on Judiciary to consider posted bills for today's hearing (**HB 780, HB 832, HB 947, HB 967, HB 1186, HB 1191, HB 1617, HB 1625, and HB 1642**) and pending business today during bill referral in E2.028.

The motion prevailed.

### **COMMITTEE MEETING ANNOUNCEMENTS**

The following committee meetings were announced:

Higher Education is cancelled.

Judiciary, during bill referral today, E2.028, for a public hearing, to consider pending business and bills posted for today's hearing.

Government Reform is cancelled.

**PROVIDING FOR A CONGRATULATORY  
AND MEMORIAL CALENDAR**

Representative Edwards moved to set a congratulatory and memorial calendar for 10 a.m. Thursday, March 17.

The motion prevailed.

**FIVE DAY POSTING RULE SUSPENDED**

Representative Delisi moved to suspend the five day posting rule to allow the Committee on Public Health to consider **HB 378**.

The motion prevailed.

**COMMITTEE MEETING ANNOUNCEMENTS**

The following committee meetings were announced:

Public Health, 2 p.m. or upon final adjournment/recess Wednesday, March 16, E2.036, for a public hearing, to consider **HB 378**.

Appropriations, 7 a.m. tomorrow, E1.030, for a public hearing.

**HCR 106 - ADOPTED  
(by Craddick)**

Representative West moved to suspend all necessary rules to take up and consider at this time **HCR 106**.

The motion prevailed.

The following resolution was laid before the house:

**HCR 106**, Commending former Mayor G. Thane Akins of Midland for his many contributions to his community.

**HCR 106** was adopted.

**PROVIDING FOR ADJOURNMENT**

Representative Seaman moved that, at the conclusion of the reading of bills and resolutions on first reading and referral to committees, the house adjourn until 10 a.m. tomorrow in memory of the Honorable Leroy Wieting of Corpus Christi.

The motion prevailed.

**BILLS AND JOINT RESOLUTIONS ON FIRST READING  
AND REFERRAL TO COMMITTEES  
RESOLUTIONS REFERRED TO COMMITTEES**

Bills and joint resolutions were at this time laid before the house, read first time, and referred to committees. Resolutions were at this time laid before the house and referred to committees. (See the addendum to the daily journal, Referred to Committees, List No. 1.)

(Herrero in the chair)



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**ADJOURNMENT**

In accordance with a previous motion, the house, at 11:15 p.m., adjourned until 10 a.m. tomorrow.

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**ADDENDUM**

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**REFERRED TO COMMITTEES**

The following bills and joint resolutions were today laid before the house, read first time, and referred to committees, and the following resolutions were today laid before the house and referred to committees. If indicated, the chair today corrected the referral of the following measures:

**List No. 1**

**HB 9** (By Flores, Pitts, Ritter, Keel, and Turner), Relating to authorizing the operation of video lottery games on behalf of this state; the creation, powers, and duties of the Texas Gaming and Boxing Commission; the powers and duties of the Texas Lottery Commission, the Texas Racing Commission, and the Texas Commission of Licensing and Regulation, and the regulation of gaming in this state; appropriating money; providing penalties.

To Ways and Means.

**HB 10** (By Pitts), Relating to making supplemental appropriations and reductions in appropriations.

To Appropriations.

**HB 1832** (By Chisum), Relating to power of the Texas Commission on Environmental Quality to authorize an installment payment schedule for the payment of certain administrative penalties.

To Environmental Regulation.

**HB 1836** (By Y. Davis), Relating to the establishment of the paternity of a child; providing a criminal penalty.

To Juvenile Justice and Family Issues.

**HB 1837** (By Berman), Relating to tuition assistance for members of state military forces.

To Defense Affairs and State-Federal Relations.

**HB 1838** (By Raymond), Relating to certain requirements imposed on a sex offender who enters the premises of a public park.

To Criminal Jurisprudence.

**HB 1839** (By Raymond), Relating to a grant program for after-school child-care programs provided by school districts.

To Public Education.

**HB 1840** (By Raymond), Relating to juvenile facilities and programs.

To Juvenile Justice and Family Issues.

**HB 1841** (By Raymond), Relating to the efficient use by the Texas Department of Criminal Justice of county jail beds provided by contract between the department and counties.

To Corrections.

**HB 1842** (By Delisi), Relating to the licensing and regulation of massage therapists; providing a penalty.

To Government Reform.

**HB 1843** (By Dukes), Relating to grievance and complaint resolution procedures for certain state employees.

To Corrections.

**HB 1844** (By Kuempel), Relating to a lender's refusal to make certain loans secured by real property.

To Financial Institutions.

**HB 1845** (By Truitt), Relating to the establishment of an advisory panel to conduct a study on the reporting of health care associated infection rates and process measures.

To Public Health.

**HB 1846** (By Keel), Relating to the definition of "victim-related services or assistance" for purposes of the Crime Victims' Compensation Act.

To Criminal Jurisprudence.

**HB 1847** (By Keel), Relating to the definition of victim in relation to certain crime victim's rights.

To Criminal Jurisprudence.

**HB 1848** (By McReynolds), Relating to the classification of certain employees of the Texas Forest Service as fire protection personnel.

To Agriculture and Livestock.

**HB 1849** (By Farabee), Relating to the calculation of general revenue for purposes of indigent health care.

To Local Government Ways and Means.

**HB 1850** (By Veasey, et al.), Relating to the exemption of certain projects from rules relating to asbestos abatement.

To Public Health.

**HB 1851** (By T. King), Relating to erecting an off-premise sign adjacent to and visible from certain roads.

To Culture, Recreation, and Tourism.

**HB 1852** (By Herrero), Relating to the installation of panic buttons in certain nursing homes and related institutions.

To Human Services.

**HB 1853** (By Herrero), Relating to a consumer debt owed by certain military personnel called to active duty.

To Defense Affairs and State-Federal Relations.

**HB 1854** (By Giddings), Relating to requiring debt collectors to provide a copy of a dishonored check to certain consumers; providing a civil penalty.

To Business and Industry.

**HB 1855** (By Giddings), Relating to the deletion of certain electronic records concerning a customer who issues a check; providing a civil penalty.

To Business and Industry.

**HB 1856** (By Delisi), Relating to distributing certain information collected by the Department of State Health Services to the public.

To Public Health.

**HB 1857** (By Uresti), Relating to costs attendant to certain child sexual assault and related convictions.

To Criminal Jurisprudence.

**HB 1858** (By Uresti), Relating to the prosecution, treatment, and rehabilitation of certain sex offenders.

To Corrections.

**HB 1859** (By Uresti), Relating to a court's continuing jurisdiction to handle the disposition of a felony case.

To Criminal Jurisprudence.

**HB 1860** (By Uresti), Relating to the authority of a judge to reduce or terminate the community supervision of a defendant convicted of an offense punishable as a state jail felony.

To Criminal Jurisprudence.

**HB 1861** (By Uresti), Relating to restrictions on the secretary of state's political activities.

To Elections.

**HB 1862** (By Uresti), Relating to a plan for equitable distribution and funding of mental health services in this state.

To Government Reform.

**HB 1863** (By Uresti), Relating to the termination of a campaign treasurer appointment.

To Elections.

**HB 1864** (By Uresti), Relating to the designation of a school crossing zone or school crosswalk.

To Transportation.

**HB 1865** (By Uresti), Relating to the use of post-exposure prophylaxis for survivors of sexual assault.

To Public Health.

**HB 1866** (By Naishtat), Relating to medical assistance in certain alternative community-based care settings.

To Public Health.

**HB 1867** (By Naishtat), Relating to the transfer of money appropriated to provide care for certain persons in nursing facilities to provide community-based services to those persons.

To Human Services.

**HB 1868** (By Casteel), Relating to the eligibility of persons to participate in the public sale in certain counties of certain real property.

To Civil Practices.

**HB 1869** (By Swinford), Relating to the imposition of additional requirements on certain persons granted an occupational driver's license.

To Law Enforcement.

**HB 1870** (By Turner), Relating to a deceptive trade practice in connection with advertising for a household goods carrier.

To Business and Industry.

**HB 1871** (By Keel and Bailey), Relating to creating an offense for the unauthorized operation of a recording device in a motion picture theater.

To Criminal Jurisprudence.

**HB 1872** (By Farrar), Relating to health benefit plan coverage for reconstructive surgery following mastectomy.

To Insurance.

**HB 1873** (By Raymond), Relating to the licensing of certain electricians.

To Licensing and Administrative Procedures.

**HB 1874** (By Otto), Relating to the application of the motor vehicle sales tax emissions reduction surcharge on certain recreational vehicles.

To Energy Resources.

**HB 1875** (By Farrar), Relating to requiring the disclosure of the sales price of real property to local appraisal districts and to filing an instrument of conveyance; providing criminal penalties.

To Ways and Means.

**HB 1876** (By Farrar), Relating to limits on the size of prekindergarten classes in public schools.

To Public Education.

**HB 1877** (By Farrar), Relating to training for employees and operators of certain child-care facilities.

To Human Services.

**HB 1878** (By Farrar), Relating to requiring warning signs regarding mercury levels in certain fish.

To Culture, Recreation, and Tourism.

**HB 1879** (By Farrar), Relating to testing and warnings related to mercury levels in certain fish.

To Culture, Recreation, and Tourism.

**HB 1880** (By Mowery and M. Noriega), Relating to the issuance of permits affecting air quality and notification of certain local officials.

To Environmental Regulation.

**HB 1881** (By Laubenberg), Relating to the calculation of the rollback tax rate of a taxing unit other than a school district.

To Ways and Means.

**HB 1882** (By Hamric), Relating to permits issued for moving certain heavy equipment over a state highway.

To Transportation.

**HB 1883** (By Van Arsdale), Relating to a moratorium on the provision of financial assistance by the Texas Department of Housing and Community Affairs to certain counties or for housing developments in those counties.

To Urban Affairs.

**HB 1884** (By Van Arsdale), Relating to the records management and preservation services fee.

To Judiciary.

**HB 1885** (By Van Arsdale), Relating to requiring the Texas Department of Transportation to place a sign on the approach to each toll booth on certain turnpikes that describes the improvements the department has made or proposes to make using revenue collected for use of the turnpike.

To Transportation.

**HB 1886** (By Haggerty), Relating to the imposition of community supervision on a defendant convicted of a state jail felony.

To Criminal Jurisprudence.

**HB 1887** (By Haggerty), Relating to the exercise of judicial discretion with respect to the administration of community supervision.

To Criminal Jurisprudence.

**HB 1888** (By Solis, Martinez, and Escobar), Relating to providing a speed limit exception for nurse-midwives responding to emergencies.

To Transportation.

**HB 1889** (By Solis and Escobar), Relating to the powers, protections, and immunities of a commissioned law enforcement officer of the National Park Service.

To Law Enforcement.

**HB 1890** (By Smithee), Relating to the operation and funding of the Texas Windstorm Insurance Association, including funding of coverage for certain catastrophic events and for reinsurance through the establishment of revenue bond programs.

To Insurance.

**HB 1891** (By Eiland), Relating to certain insurers subject to the Texas Windstorm Insurance Association.

To Insurance.

**HB 1892** (By Eiland), Relating to excluding a challenge course used for educational purposes from regulation as an amusement ride.

To Insurance.

**HB 1893** (By Eiland), Relating to authorizing a consumer credit reporting agency to provide certain information if the information is needed to avoid a violation of federal law.

To Financial Institutions.

**HB 1894** (By Eiland), Relating to the definition of a primary job with respect to a project that may be undertaken by a development corporation.

To Economic Development.

**HB 1895** (By Eiland), Relating to the authority of an associate judge appointed by a court with family law jurisdiction.

To Judiciary.

**HB 1896** (By Hodge), Relating to the application of laws awarding credit to an inmate for time between release on and subsequent revocation of parole, mandatory supervision, or conditional pardon.

To Corrections.

**HB 1897** (By Hodge), Relating to the application of certain taxes on persons exclusively involved in television, motion picture, video, and audio productions.

To Ways and Means.

**HB 1898** (By F. Brown), Relating to offenses involving use of safety belts or a child passenger safety seat.

To Transportation.

**HB 1899** (By Bonnen), Relating to the regulation and permitting of a commercial industrial solid waste facility connected to a publicly owned treatment works facility.

To Environmental Regulation.

**HB 1900** (By Bonnen), Relating to the assessment and regulation of emissions events.

To Environmental Regulation.

**HB 1901** (By W. Smith), Relating to the maximum reservation for certain individual projects of a portion of the state ceiling for private activity bonds.

To Financial Institutions.

**HB 1902** (By Otto), Relating to the creation of the East Montgomery County Municipal Utility District No. 8; providing authority to impose a tax and issue bonds; granting the power of eminent domain.

To Natural Resources.

**HB 1903** (By Otto), Relating to the creation of the East Montgomery County Municipal Utility District No. 9; providing authority to impose a tax and issue bonds; granting the power of eminent domain.

To Natural Resources.

**HB 1904** (By Otto), Relating to the creation of the East Montgomery County Municipal Utility District No. 10; providing authority to impose a tax and issue bonds; granting the power of eminent domain.

To Natural Resources.

**HB 1905** (By Puente), Relating to the jurisdiction of county courts at law in Bexar County.

To Judiciary.

**HB 1906** (By Otto), Relating to the creation of the East Montgomery County Municipal Utility District No. 11; providing authority to impose a tax and issue bonds; granting the power of eminent domain.

To Natural Resources.

**HB 1907** (By Otto), Relating to the creation of the East Montgomery County Municipal Utility District No. 12; providing authority to impose a tax and issue bonds; granting the power of eminent domain.

To Natural Resources.

**HB 1908** (By Otto), Relating to the creation of the East Montgomery County Municipal Utility District No. 13; providing authority to impose a tax and issue bonds; granting the power of eminent domain.

To Natural Resources.

**HB 1909** (By Otto), Relating to the creation of the East Montgomery County Municipal Utility District No. 14; providing authority to impose a tax and issue bonds; granting the power of eminent domain.

To Natural Resources.

**HB 1910** (By Solis), Relating to certain actions for personal injury, death, or property damages brought by or against a guardian of the person or estate of an incapacitated person.

To Judiciary.

**HB 1911** (By Solis), Relating to certain actions for personal injury, death, or property damages brought by or against a personal representative of a decedent's estate.

To Judiciary.

**HB 1912** (By Hupp), Relating to rates for medical services provided by the Department of Assistive and Rehabilitative Services.

To Human Services.

**HB 1913** (By Olivo), Relating to the application of the municipal civil service law for firefighters and police officers to certain municipalities.

To Urban Affairs.

**HB 1914** (By Olivo), Relating to longevity pay for certain campus peace officers employed by a state institution of higher education or public technical institute.

To Law Enforcement.

**HB 1915** (By Giddings), Relating to the authority of counties to sell or lease advertising space to another entity.

To County Affairs.

**HB 1916** (By R. Allen), Relating to the restoration of certain rights to a criminal defendant.

To Corrections.

**HB 1917** (By R. Allen), Relating to the procedures for reducing or terminating a term of community supervision imposed on a criminal defendant.

To Corrections.

**HB 1918** (By R. Allen), Relating to the interagency exchange of information regarding certain offenders with special needs.

To Corrections.

**HB 1919** (By R. Allen), Relating to notice in certain real property transactions concerning public improvement districts.

To Business and Industry.

**HB 1920** (By R. Allen), Relating to the imposition of sanctions on defendants who violate conditions of community supervision.

To Corrections.

**HB 1921** (By R. Allen), Relating to the civil commitment of sexually violent predators.

To Corrections.

**HB 1922** (By R. Allen), Relating to deferred adjudication community supervision for certain defendants who enter a drug court program.

To Corrections.

**HB 1923** (By Crabb), Relating to nondiscriminatory and competitively neutral treatment of operators of competitive broadband networks by municipalities.

To Regulated Industries.

**HB 1924** (By Chavez), Relating to public entity qualified health centers located along the Texas-Mexico border.

To Border and International Affairs.

**HB 1925** (By Driver), Relating to removal or covering of certain signs in a construction or maintenance work zone.

To Law Enforcement.

**HB 1926** (By Flores), Relating to the eligibility of students enrolled in courses for joint high school and college credit for extracurricular activities and University Interscholastic League competitions.

To Public Education.

**HB 1927** (By Farrar), Relating to the requirement that certain offenders undergo testing for AIDS, HIV infection, or related conditions.

To Criminal Jurisprudence.



**HB 1928** (By J. Moreno), Relating to the reimbursement of medical expenses incurred by county jailers and detention officers exposed to certain contagious diseases.

To County Affairs.

**HB 1929** (By Woolley, McClendon, Eissler, Hardcastle, Turner, et al.), Relating to the use of certain human cells and tissue; providing penalties.

To State Affairs.

**HB 1930** (By Turner), Relating to the annexation of territory in political subdivisions by certain junior college districts.

To Higher Education.

**HB 1931** (By Turner), Relating to the service area of the Houston Community College System District.

To Higher Education.

**HB 1932** (By Turner), Relating to the effect of annexation of territory on the terms of members of the governing boards of certain junior college districts.

To Higher Education.

**HB 1933** (By Raymond), Relating to the licensing of certain electricians.

To Licensing and Administrative Procedures.

**HB 1934** (By Gonzalez Toureilles), Relating to security fees for justice courts not housed in a county courthouse.

To Judiciary.

**HB 1935** (By J. Keffer), Relating to recovery of district costs associated with payment of fees and charges by credit card.

To Financial Institutions.

**HB 1936** (By Ritter), Relating to the regulation of viatical settlement agreements and life settlement agreements; providing penalties.

To Insurance.

**HB 1937** (By Ritter), Relating to the authority of certain counties to create county assistance districts.

To County Affairs.

**HB 1938** (By Ritter), Relating to the award of a grant and reporting requirements under the Texas Enterprise Fund.

To Economic Development.

**HB 1939** (By Ritter), Relating to certain disqualifications for unemployment compensation benefits for assigned employees of staff leasing services companies.

To Economic Development.

**HB 1940** (By Ritter), Relating to alternative dispute resolution of certain contract claims against the state.

To State Affairs.

**HB 1941** (By Nixon), Relating to group health benefit plan coverage for an enrollee with certain mental disorders.

To Insurance.

**HB 1942** (By Swinford), Relating to restrictions on and reporting of certain expenditures by registered lobbyists.

To Elections.

**HB 1943** (By Hegar), Relating to authorizing regional education service centers to distribute funds directly to school districts for the purchase of services in certain circumstances.

To Public Education.

**HB 1944** (By Solomons), Relating to the continuation and functions of the Texas State Board of Medical Examiners, Texas State Board of Physician Assistant Examiners, and Texas State Board of Acupuncture Examiners and the regulation of health care professions regulated by those state agencies; providing administrative penalties.

To Public Health.

**HB 1945** (By Hilderbran), Relating to the filing of personal financial statements by the state chair of a political party.

To Elections.

**HB 1946** (By Rose), Relating to the definition of project in the Hays County Development District No. 1.

To Economic Development.

**HB 1947** (By Rose), Relating to health benefit plan coverage for certain minimum inpatient stays following the birth of a child and post-delivery care.

To Insurance.

**HB 1948** (By Rose), Relating to health benefit plan coverage for detection and prevention of osteoporosis.

To Insurance.

**HB 1949** (By Corte), Relating to the adoption of a uniform commercial building code for use in the state.

To State Affairs.

**HB 1950** (By Miller), Relating to a rural rail transportation district and taxation of a leasehold or other possessory interest.

To Ways and Means.

**HB 1951** (By Dawson and Bonnen), Relating to the creation of a judicial district composed of Brazoria County.

To Judiciary.

**HB 1952** (By Goodman), Relating to providing that an individual's social security number is generally considered to be confidential under the public information law and may only be disclosed under certain circumstances.

To Business and Industry.

**HB 1953** (By Dutton), Relating to the manner in which certain reports of political contributions and expenditures must be filed with the Texas Ethics Commission.

To Elections.

**HB 1954** (By Merritt), Relating to the financial consequences to a county of the appointment of counsel in certain cases.

To Criminal Jurisprudence.

**HB 1955** (By Hughes), Relating to benefits payable by the Judicial Retirement System of Texas Plan Two.

To Pensions and Investments.

**HB 1956** (By Menendez), Relating to the regulation of firefighters and fire departments by the Texas Commission on Fire Protection.

To Urban Affairs.

**HB 1957** (By Turner), Relating to the certification of the amount of excess money in the compensation to victims of crime fund.

To Criminal Jurisprudence.

**HB 1958** (By Haggerty), Relating to the authority of certain persons to bring suit to require an appraisal district or an appraisal review board to comply with the property tax laws.

To Local Government Ways and Means.

**HB 1959** (By McReynolds), Relating to the hunting of deer with dogs and the taking of wildlife resources without the consent of the landowner; providing penalties.

To Culture, Recreation, and Tourism.

**HB 1960** (By McReynolds), Relating to retirement benefits for law enforcement officers employed and commissioned by certain institutions of higher education.

To Pensions and Investments.

**HB 1961** (By Otto), Relating to the salaries of assistant county auditors.

To County Affairs.

**HB 1962** (By Quintanilla), Relating to the prosecution and punishment of cruelty to animals.

To Agriculture and Livestock.

**HB 1963** (By Quintanilla), Relating to appeal of certain court orders relating to an animal.

To Judiciary.

**HB 1964** (By Dukes), Relating to the authority of certain counties to impose a local tax on the sale of gasoline and to the use of the tax revenue by a regional mobility authority.

To Ways and Means.

**HB 1965** (By Hartnett), Relating to the grounds for a divorce and the division of property in a decree of divorce.

To State Affairs.

**HB 1966** (By Turner and Chavez), Relating to the establishment of an interagency task force to address the impact of globalization on this state.

To Border and International Affairs.

**HB 1967** (By Corte), Relating to the employment of physicians by certain countywide hospital districts.

To County Affairs.

**HB 1968** (By Rose), Relating to student representation on the board of regents of each state university or state university system.

To Higher Education.

**HB 1969** (By Coleman), Relating to the immunization of elderly persons by certain health care facilities.

To Public Health.

**HB 1970** (By Raymond), Relating to reports and investigations of child abuse and neglect.

To Human Services.

**HB 1971** (By Raymond), Relating to a pilot program establishing a safe schools unit in the Department of Public Safety.

To Law Enforcement.

**HB 1972** (By Hartnett), Relating to the powers and duties of and the appointment of certain election officers.

To Elections.

**HB 1973** (By Hartnett), Relating to the processing of certain election ballots voted early.

To Elections.

**HB 1974** (By Mowery), Relating to release by the Texas Education Agency of questions and answer keys to assessment instruments.

To Public Education.

**HB 1975** (By Gallego), Relating to eligibility for participation in the group benefits program established under the Texas Employees Group Benefits Act.

To Insurance.

**HB 1976** (By Gallego), Relating to fire safety standards for cigarettes; providing civil penalties.

To State Affairs.

**HB 1977** (By Gallego), Relating to the creation of a Star of Texas license plate and the presentation of Star of Texas awards for all peace officers, firefighters, and emergency medical first responders who are killed or sustain serious or fatal injuries in the line of duty.

To Transportation.

**HB 1978** (By Gallego), Relating to the issuance of Star of Texas license plates.

To Transportation.

**HB 1979** (By Turner), Relating to the fee paid to the attorney general for examining the record of proceedings authorizing the issuance of a public security or related credit agreement.

To Business and Industry.

**HB 1980** (By Coleman), Relating to the assignment of school nurses at public school campuses.

To Public Health.

**HB 1981** (By Blake), Relating to the amount of the fee that the Pineywoods Groundwater Conservation District may impose on a well.

To Natural Resources.

**HB 1982** (By Blake), Relating to the creation and operation of a Texas Certified Retirement Community Program.

To Economic Development.

**HB 1983** (By Elkins), Relating to the automatic renewal of certain consumer contracts.

To Business and Industry.

**HB 1984** (By Bohac), Relating to the information required to be provided with an ad valorem tax bill.

To Local Government Ways and Means.

**HB 1985** (By Bohac), Relating to increasing the criminal penalty for maintaining a public nuisance that is a junked vehicle.

To Transportation.

**HB 1986** (By Solomons), Relating to the administration and powers of a coordinated county transportation authority.

To Transportation.

**HB 1987** (By Bonnen), Relating to the regulation of underground and aboveground storage tanks.

To Environmental Regulation.

**HB 1988** (By Talton), Relating to the penalty for overloading vehicles.

To Transportation.

**HB 1989** (By Talton), Relating to the regulation of controllers of intermodal transportation equipment by the Department of Public Safety.

To Law Enforcement.

**HB 1990** (By Talton), Relating to the regulation of bail bond sureties.

To Licensing and Administrative Procedures.

**HB 1991** (By Talton), Relating to an exception to the prohibition against commingling used oil with solid waste if the commingling is incident to the dismantling of scrap, used, or obsolete metals.

To Environmental Regulation.

**HB 1992** (By Talton), Relating to eligibility for an exemption from ad valorem taxation for property owned for the purpose of providing low-income or moderate-income housing.

To Ways and Means.

**HB 1993** (By Talton), Relating to the appraisal for ad valorem tax purposes of certain property used to provide low-income housing.

To Ways and Means.

**HB 1994** (By Talton), Relating to the offense of assisting multiple voters who cast a ballot by mail.

To Elections.

**HB 1995** (By Villarreal), Relating to a grant program to encourage investment of federal earned income tax credit funds.

To Human Services.

**HB 1996** (By Hunter), Relating to the election of directors of the Wes-Tex Groundwater Conservation District.

To Natural Resources.

**HB 1997** (By J. Keffer), Relating to the creation of an appellate judicial system for the Eleventh Court of Appeals District.

To Judiciary.

**HB 1998** (By Van Arsdale), Relating to the timing of hearings and community meetings regarding applications for an allocation of low income housing tax credits.

To Urban Affairs.

**HB 1999** (By Van Arsdale), Relating to the preparation of medical history reports by parents who relinquish children for adoption.

To Human Services.

**HB 2000** (By Denny), Relating to the information that must be included in a school district bond election proposition.

To Elections.

**HB 2001** (By McClendon), Relating to authorizing the issuance of revenue bonds for The University of Texas Health Science Center at San Antonio.

To Higher Education.

**HB 2002** (By McClendon), Relating to authorizing the issuance of revenue bonds for The University of Texas Health Science Center at San Antonio.

To Higher Education.

**HB 2003** (By McClendon), Relating to authorizing the issuance of revenue bonds for The University of Texas Health Science Center at San Antonio.

To Higher Education.

**HB 2004** (By McClendon), Relating to authorizing the issuance of revenue bonds for the College of Medicine of The Texas A&M University System Health Science Center.

To Higher Education.

**HB 2005** (By Coleman), Relating to disease control programs to reduce the risk of certain communicable diseases.

To Public Health.

**HB 2006** (By Castro), Relating to requiring disclosure of the sales price of real property for use in appraising property for taxation; providing penalties.

To Ways and Means.

**HB 2007** (By Flores), Relating to a tuition and fee exemption for students earning semester credit hours through concurrent enrollment in high school and college-level courses.

To Public Education.

**HB 2008** (By Flores), Relating to the regulation of plumbers.

To Licensing and Administrative Procedures.

**HB 2009** (By Flores), Relating to the recording of certain instruments with the Rio Grande Watermaster.

To Natural Resources.

**HB 2010** (By Flores), Relating to authority of the state auditor to investigate or audit a nonprofit water supply or sewer service corporation.

To Government Reform.

**HB 2011** (By Nixon), Relating to the creation of a living trust; providing a penalty.

To Judiciary.

**HB 2012** (By Quintanilla), Relating to voter eligibility and registration in El Paso County Water Improvement District No. 1.

To Natural Resources.

**HB 2013** (By Giddings), Relating to the extension of credit to a victim of identity theft.

To Business and Industry.

**HB 2014** (By Gattis), Relating to certificates of public convenience and necessity for water and sewer utility service.

To Natural Resources.

**HB 2015** (By Chavez), Relating to authorizing certain sweepstakes and other prize promotions by businesses; creating a defense to prosecution for certain gambling offenses.

To Criminal Jurisprudence.

**HB 2016** (By Isett), Relating to the amount a manufacturer may charge for an alcoholic beverage; providing civil penalties.

To Licensing and Administrative Procedures.

**HB 2017** (By Swinford), Relating to a nonsubstantive revision of statutes relating to the Texas Department of Insurance, the business of insurance, and certain related businesses, including conforming amendments, repeals, and penalties.

To State Affairs.

**HB 2018** (By Swinford), Relating to nonsubstantive additions to and corrections in enacted codes, to the nonsubstantive codification or disposition of various laws omitted from enacted codes, and to conforming codifications enacted by the 78th Legislature to other Acts of that legislature.

To State Affairs.

**HB 2019** (By Swinford), Relating to the nonsubstantive revision of certain local laws concerning special districts, including conforming amendments.

To State Affairs.

**HB 2020** (By West), Relating to the transfer of the state energy conservation office to the Railroad Commission of Texas.

To Energy Resources.

**HB 2021** (By Casteel), Relating to the identification and administration of land located in a future transportation corridor of a county.

To Transportation.

**HB 2022** (By R. Cook), Relating to the legislature's goal for energy efficiency in this state and related energy efficiency programs.

To Regulated Industries.

**HB 2023** (By Hegar), Relating to funding for the continuing education of certain peace officers.

To Law Enforcement.

**HB 2024** (By Hilderbran), Relating to hunter education.

To Culture, Recreation, and Tourism.

**HB 2025** (By Hilderbran), Relating to the transfer of jurisdiction over the Fleet Admiral Chester W. Nimitz Memorial Naval Museum and other historical sites from the Parks and Wildlife Department to the Texas Historical Commission.

To Culture, Recreation, and Tourism.

**HB 2026** (By Hilderbran), Relating to the taking and possession of certain wildlife or eggs, including requirements related to taxidermy and tanning; imposing a penalty.

To Culture, Recreation, and Tourism.

**HB 2027** (By Hilderbran), Relating to the discharge of certain firearms in or on the beds or banks of certain rivers and streams in Dimmit, Frio, Uvalde, and Zavala Counties; providing a penalty.

To Culture, Recreation, and Tourism.

**HB 2028** (By Hilderbran), Relating to the efficient use and maintenance of the state parks account and the Texas recreation and parks account by the Parks and Wildlife Department.

To Culture, Recreation, and Tourism.



**HB 2029** (By Hilderbran), Relating to commercial bay shrimping boat licenses, commercial bay shrimp boat licenses, and commercial bait-shrimp boat licenses.

To Culture, Recreation, and Tourism.

**HB 2030** (By Nixon), Relating to defining residency for purposes of eligibility to hold or be a candidate for public office.

To Elections.

**HB 2031** (By Hilderbran), Relating to the regulatory authority of groundwater conservation districts.

To Natural Resources.

**HB 2032** (By Hilderbran), Relating to the expansion of the operation game thief program to include certain other violations of law.

To Culture, Recreation, and Tourism.

**HB 2033** (By Nixon), Relating to procedures in condemnation proceedings in certain counties.

To Judiciary.

**HB 2034** (By Dutton), Relating to an exemption from or refund of tuition and fees for certain lower-division students enrolled in a general academic teaching institution.

To Higher Education.

**HB 2035** (By R. Allen), Relating to appointments to the Tobacco Settlement Permanent Trust Account Investment Advisory Committee.

To Appropriations.

**HB 2036** (By R. Allen), Relating to the regulation of sex offender treatment providers and the treatment of sex offenders; providing a penalty.

To Corrections.

**HB 2037** (By R. Allen), Relating to the seizure and disposition of property for the offense of hunting or fishing without landowner consent.

To Culture, Recreation, and Tourism.

**HB 2038** (By R. Allen), Relating to the establishment and operation of state regulated video lottery terminals at licensed Texas racetracks to enhance the Texas Racehorse and Greyhound racing and breeding industries; providing penalties.

To Ways and Means.

**HB 2039** (By Nixon), Relating to the adjudication of claims arising under written contracts with local governmental entities.

To Civil Practices.

**HB 2040** (By J. Keffer), Relating to the confidentiality of photographs of certain residential property held by an appraisal district.

To Ways and Means.

**HB 2041** (By Campbell), Relating to a Pilot Project to provide additional capacity for higher education undergraduate education.

To Higher Education.

**HB 2042** (By Strama), Relating to municipal action regarding a municipal utility district wholly within the municipality's boundaries.

To Natural Resources.

**HB 2043** (By Miller), Relating to the creation of a state pharmacy assistance program for certain beneficiaries of state and local funded programs.

To Public Health.

**HB 2044** (By W. Smith), Relating to county authority to regulate vehicular or pedestrian gates at certain gated communities and multi-unit housing projects.

To Land and Resource Management.

**HB 2045** (By Puente), Relating to incorporation of a water supply and sewer service corporation as a nonprofit corporation.

To Natural Resources.

**HB 2046** (By Puente), Relating to the applicability of the open meetings law to actions taken by certain directors of a water district; providing a criminal penalty.

To Natural Resources.

**HB 2047** (By Puente), Relating to the regulation of water and sewer utility services.

To Natural Resources.

**HB 2048** (By Uresti), Relating to certain online services and transactions involving state agencies.

To Government Reform.

**HB 2049** (By Swinford), Relating to assessments levied on producers and used for marketing, education, research, and promotion of Texas beef.

To Agriculture and Livestock.

**HB 2050** (By Swinford), Relating to the rights and duties of self-service storage facility customers.

To Business and Industry.

**HB 2051** (By Krusee), Relating to the adoption of a state scenic byways program.

To Transportation.

**HB 2052** (By Krusee), Relating to the establishment of regional habitat conservation plans by political subdivisions of the State.

To Culture, Recreation, and Tourism.

**HB 2053** (By Hopson), Relating to the authority of a pharmacist to dispense a Schedule II controlled substance pursuant to a facsimile copy of an official prescription.

To Public Health.

**HB 2054** (By Crownover), Relating to the regulation of gas production by the Railroad Commission of Texas.

To Energy Resources.

**HB 2055** (By Crownover), Relating to the regulation of oil production by the Railroad Commission of Texas.

To Energy Resources.

**HB 2056** (By Coleman), Relating to the provision of voter registration applications to graduating high school students and incoming college students; providing a criminal penalty.

To Elections.

**HB 2057** (By Coleman), Relating to distribution of condoms in state prisons and jails.

To Corrections.

**HB 2058** (By Madden), Relating to education programs for gifted and talented students.

To Public Education.

**HB 2059** (By Madden), Relating to the period of voter registration of a person registered by a federal postcard application.

To Elections.

**HB 2060** (By Laubenberg), Relating to establishing a committee to study the influenza vaccine shortage in this state.

To Public Health.

**HB 2061** (By Laubenberg), Relating to the right of health care facilities, health insurers, and health care providers to object to providing or participating in the provision of certain procedures.

To Public Health.

**HB 2062** (By Goolsby), Relating to the service of alcoholic beverages in a public restaurant under a private club registration permit.

To Licensing and Administrative Procedures.

**HB 2063** (By Goolsby), Relating to the fee for certain private club alcoholic beverage permits.

To Licensing and Administrative Procedures.

**HB 2064** (By Goolsby), Relating to private club alcoholic beverage permits issued to a fraternal or veterans organization.

To Licensing and Administrative Procedures.

**HB 2065** (By Goolsby), Relating to operation of the holder of a private club registration permit under the Alcoholic Beverage Code.

To Licensing and Administrative Procedures.

**HB 2066** (By Anderson), Relating to the requirements for obtaining a veterinarian's license.

To Agriculture and Livestock.

**HB 2067** (By Anderson), Relating to required curriculum in the public schools.

To Public Education.

**HB 2068** (By Anderson), Relating to the designation of certain state agencies as voter registration agencies.

To Elections.

**HB 2069** (By Anderson), Relating to contracts to provide election services to a political party.

To Elections.

**HB 2070** (By Rose), Relating to liability of a governmental unit for certain recreational activities.

To Civil Practices.

**HB 2071** (By Rose), Relating to the designation of U.S. Highway 281 as the American Legion Memorial Highway.

To Transportation.

**HB 2072** (By Rose), Relating to the designation of U.S. Highway 281 as the American Legion Memorial Highway.

To Transportation.

**HB 2073** (By Alonzo), Relating to the registration of voters at a polling place and related procedures.

To Elections.

**HB 2074** (By Coleman), Relating to providing medical assistance for care in an assisted living facility.

To Human Services.

**HB 2075** (By Seaman), Relating to ferries.

To Transportation.

**HB 2076** (By Kolkhorst), Relating to the use of revenue generated by municipally owned electric utilities.

To Regulated Industries.

**HB 2077** (By Kolkhorst), Relating to the prohibition of wireless communications devices in correctional facilities operated by or under contract with the Texas Department of Criminal Justice; providing penalties.

To Corrections.

**HB 2078** (By McClendon), Relating to authorizing the issuance of revenue bonds for Texas Southern University for campus facilities and infrastructure.

To Higher Education.

**HB 2079** (By J. Keffer), Relating to the creation, administration, powers, duties, functions, operations, and financing of the Stephens Regional Special Utility District.

To Natural Resources.

**HB 2080** (By Paxton), Relating to the ad valorem tax status of a license to occupy a dwelling unit in a tax-exempt retirement community.

To Ways and Means.

**HB 2081** (By Paxton), Relating to prohibiting the use of state money for research involving the destruction of human embryos.

To State Affairs.

**HB 2082** (By Chisum), Relating to the responsibilities of certain county officials for selection of a jury source.

To Judiciary.

**HB 2083** (By Chisum), Relating to regulation of gas gathering by utilities.

To Energy Resources.

**HB 2084** (By Chisum), Relating to the ownership of groundwater and governmental actions affecting the rights of owners of groundwater.

To Natural Resources.

**HB 2085** (By Callegari), Relating to the annexation of territory by a junior college district.

To Higher Education.

**HB 2086** (By Hochberg), Relating to abatement of certain nuisances; providing a penalty.

To Civil Practices.

**HB 2087** (By McReynolds), Relating to limits on the size of fifth grade classes in public schools.

To Public Education.

**HB 2088** (By Riddle), Relating to service and disability benefits for certain state-employed fire fighters.

To Pensions and Investments.

**HB 2089** (By Oliveira), Relating to a school district policy concerning the use of school counselors' work time.

To Public Education.

**HB 2090** (By Oliveira), Relating to population requirements for certain county election precincts.

To Elections.

**HB 2091** (By Oliveira), Relating to authorizing the issuance of revenue bonds for The University of Texas at Brownsville.

To Higher Education.

**HB 2092** (By Oliveira), Relating to authorizing a special events trust fund to support certain Olympic events, including training and development activities.

To State Affairs.

**HB 2093** (By Oliveira), Relating to safety in bicycling and certain other activities using nonmotorized recreational equipment.

To Government Reform.

**HB 2094** (By Oliveira), Relating to providing notification to a county voter registrar of the change in boundaries of a political subdivision located in the county.

To Elections.

**HB 2095** (By Bonnen), Relating to exempting from ad valorem taxation property used by certain nonprofit community business organizations to provide services to aid in the economic development of local communities.

To Local Government Ways and Means.

**HB 2096** (By Bonnen), Relating to the removal and disposal of certain vessels and structures in certain locations; providing a penalty.

To Land and Resource Management.

**HB 2097** (By Chisum and Keel), Relating to the authority of a home-rule municipality to prohibit public nuisances.

To Urban Affairs.

**HB 2098** (By Dutton), Relating to the penalty for possession of a small amount of certain controlled substances.

To Criminal Jurisprudence.

**HB 2099** (By Dutton), Relating to investigations of reports of child abuse and neglect.

To Juvenile Justice and Family Issues.

**HB 2100** (By Delisi), Relating to heirloom wedding anniversary certificates.

To Public Health.

**HB 2101** (By Delisi), Relating to heirloom birth certificates.

To Public Health.

**HB 2102** (By Homer), Relating to the filling of vacancies in certain county offices by a special election.

To Elections.

**HB 2103** (By Homer), Relating to the expiration of unfunded legislative mandates on local governments.

To State Affairs.

**HB 2104** (By Delisi), Relating to the prosecution of the offense of hindering apprehension or prosecution.

To Criminal Jurisprudence.

**HB 2105** (By Branch), Relating to authorizing the issuance of revenue bonds for The University of Texas Southwestern Medical Center at Dallas.

To Higher Education.

**HB 2106** (By Y. Davis), Relating to protections for certain customers of a financial institution.

To Financial Institutions.

**HB 2107** (By Y. Davis), Relating to requirements for labeling certain drugs.

To Public Health.

**HB 2108** (By Berman), Relating to a student union fee at The University of Texas at Tyler.

To Higher Education.

**HB 2109** (By Berman), Relating to the Early High School Graduation Scholarship Program.

To Public Education.

**HB 2110** (By Berman, Driver, Hupp, Keel, and P. King), Relating to the applicability of certain weapon laws to certain prosecutors.

To Law Enforcement.

**HB 2111** (By Merritt), Relating to certain fees in the administration of the teen court program.

To Judiciary.

**HB 2112** (By Merritt), Relating to the appointment of a clerk of the municipal court of record in the City of Longview.

To Judiciary.

**HB 2113** (By Merritt), Relating to the repeal of the state inheritance tax.

To Ways and Means.

**HB 2114** (By Merritt), Relating to the creation, administration, powers, duties, operations, and financing of a border region high-speed rail authority for the Texas-Louisiana and the Texas-Mexico border regions; granting the power to issue bonds; granting the power of eminent domain.

To Transportation.

**HB 2115** (By McClendon and Hegar), Relating to the issuance of revenue bonds for Prairie View A&M University.

To Higher Education.

**HB 2116** (By McClendon), Relating to the issuance of revenue bonds for Texas A&M University–San Antonio.

To Higher Education.

**HB 2117** (By Casteel), Relating to the authority of the court to exclude a spouse from the marital residence pending a suit for divorce in certain circumstances.

To Juvenile Justice and Family Issues.

**HB 2118** (By McClendon), Relating to authorizing the issuance of revenue bonds for the Baylor College of Dentistry of The Texas A&M University System Health Science Center.

To Higher Education.

**HB 2119** (By McClendon), Relating to the issuance of revenue bonds for Prairie View A&M University.

To Higher Education.

**HB 2120** (By R. Allen), Relating to the efficient administration of county government.

To County Affairs.

**HB 2121** (By W. Smith), Relating to an electronic requisition system for counties.

To County Affairs.

**HB 2122** (By Naishtat), Relating to certain unlawful employment practices.

To Economic Development.

**HB 2123** (By Naishtat), Relating to considerations applicable to a decision to commute a sentence of death.

To Criminal Jurisprudence.

**HB 2124** (By Naishtat), Relating to appointment of counsel in appeals of certain eviction suits.

To Judiciary.

**HB 2125** (By Naishtat), Relating to the procedure applicable to a decision to commute a sentence of death.

To Criminal Jurisprudence.

**HB 2126** (By Coleman), Relating to assistance of a deferred presentment transaction.

To Financial Institutions.

**HB 2127** (By Olivo), Relating to transportation to and from a disciplinary alternative education program or juvenile justice alternative education program and the length of a school day at a disciplinary alternative education program.

To Public Education.

**HB 2128** (By Nixon), Relating to exempting sole proprietorships and certain firms that practice engineering from registration.

To Licensing and Administrative Procedures.

**HB 2129** (By Bonnen), Relating to energy-saving measures that reduce the emission of air contaminants.

To Environmental Regulation.

**HB 2130** (By Phillips), Relating to the notification requirement concerning a permit application for applying Class B sludge on a land application unit.

To Environmental Regulation.

**HB 2131** (By Phillips and Hardcastle), Relating to the demonstration of financial assurance by a local government in relation to the operation of a municipal solid waste landfill facility.

To Environmental Regulation.

**HB 2132** (By Phillips), Relating to rates charged for water or sewer services by an entity that takes over a nonfunctioning water or sewer system.

To Natural Resources.

**HB 2133** (By Phillips), Relating to the use of an administrative penalty imposed by the Texas Commission on Environmental Quality against a municipally owned utility to ameliorate the violation for which the penalty was imposed.

To Natural Resources.



**HB 2134** (By Phillips), Relating to the administration of the state infrastructure bank.

To Transportation.

**HB 2135** (By Phillips, Hamric, Truitt, Homer, and Woolley), Relating to the creation of a tourist-oriented directional sign program.

To Culture, Recreation, and Tourism.

**HB 2136** (By Phillips), Relating to certain penalties and fees imposed for operating a motor vehicle or vessel in violation of law.

To Transportation.

**HB 2137** (By Phillips), Relating to the construction or improvement of buildings by the Texas Department of Transportation.

To Transportation.

**HB 2138** (By Phillips), Relating to the acquisition, construction, maintenance, operation, and provision of toll facilities and a transit system by a regional mobility authority, and the transfer to a regional mobility authority of the toll facilities, transit system, and related assets of a regional tollway authority or transit provider or of certain counties; providing criminal penalties; authorizing a tax.

To Transportation.

**HB 2139** (By Phillips), Relating to certain agreements by the Texas Department of Transportation involving pass-through tolls.

To Transportation.

**HB 2140** (By Phillips), Relating to the provision of notice to affected political subdivisions regarding the proposed construction of a reservoir.

To Natural Resources.

**HB 2141** (By Pickett), Relating to authorizing the issuance of revenue bonds for The University of Texas at El Paso.

To Higher Education.

**HB 2142** (By Pickett), Relating to the construction, remodeling, or rehabilitation of certain hotel projects.

To Government Reform.

**HB 2143** (By Pickett), Relating to adjusting the term of an elected officer of a home-rule municipality to comply with the Election Code.

To Elections.

**HB 2144** (By Berman), Relating to veteran's employment preferences.

To Defense Affairs and State-Federal Relations.

**HB 2145** (By Hupp and Seaman), Relating to prohibiting changes in certain prescription drug orders without the approval of the prescribing health care practitioner.

To Public Health.

**HB 2146** (By Hupp and Seaman), Relating to the operation of mail order prescription plans for certain public employees and retirees.

To Public Health.

**HB 2147** (By Hupp and Seaman), Relating to required patient counseling regarding mail order prescription plans for certain public employees and retirees.

To Public Health.

**HB 2148** (By Hupp and Seaman), Relating to audit practices of pharmacy benefit plans.

To Public Health.

**HB 2149** (By Goodman), Relating to manufacturer or distributor ownership of certain motor vehicle dealerships.

To Licensing and Administrative Procedures.

**HB 2150** (By Mowery), Relating to dismissal of condemnation proceedings.

To Land and Resource Management.

**HB 2151** (By Dawson), Relating to allowing a political subdivision other than a county to change the date of its general election.

To Elections.

**HB 2152** (By F. Brown), Relating to licensing and regulation of auctioneers.

To Licensing and Administrative Procedures.

**HB 2153** (By F. Brown), Relating to the regulation of certain institutions that train acupuncturists.

To Public Health.

**HB 2154** (By Smithee), Relating to the declination of compensation by a candidate for a county or precinct office.

To Elections.

**HB 2155** (By Smithee), Relating to liability for certain unfair methods of competition or deceptive acts or practices in the business of insurance.

To Insurance.

**HB 2156** (By Smithee), Relating to the operation and regulation of certain consolidated insurance programs.

To Insurance.

**HB 2157** (By Smithee), Relating to the receivership of insurers in this state; providing penalties.

To Insurance.

**HB 2158** (By Delisi), Relating to an exemption from annual registration fees for a retired physician who provides volunteer medical services in a disaster.

To Public Health.

**HB 2159** (By Nixon), Relating to a suit affecting the parent-child relationship in which an international parental child abduction risk factor is present or an international parental child abduction prevention measure has been taken.

To Juvenile Justice and Family Issues.

**HB 2160** (By West), Relating to the Texas Energy Education Council; authorizing the imposition of an assessment on producers of oil, gas, and condensate.

To Energy Resources.

**HB 2161** (By West), Relating to the power of the Railroad Commission of Texas to adopt and enforce safety standards and practices applicable to the transportation by pipeline of certain substances and to certain pipeline facilities; imposing an administrative penalty.

To Energy Resources.

**HB 2162** (By Branch), Relating to hospital and clinic fees collected by certain public medical schools.

To Higher Education.

**HB 2163** (By Callegari), Relating to the use by a peace officer of the officer's rank or status to advertise or promote a private business.

To Law Enforcement.

**HB 2164** (By Dunnam), Relating to the use of a county records management and preservation fee.

To County Affairs.

**HB 2165** (By Dunnam), Relating to the sentencing procedure in capital felony cases.

To Criminal Jurisprudence.

**HB 2166** (By Goolsby), Relating to the transfer of vehicle registration and license plates between vehicles with the same owner.

To Transportation.

**HB 2167** (By Goolsby and Edwards), Relating to organ donation.

To Public Health.

**HB 2168** (By Goolsby), Relating to the liability of a district or county clerk for the release of information that is subsequently expunged or made confidential.

To State Affairs.

**HB 2169** (By Rodriguez), Relating to ethics requirements for state agency purchasing personnel.

To State Affairs.

**HB 2170** (By Rodriguez, Geren, and Strama), Relating to the reapportionment of state legislative, congressional, and judicial districts and the creation, function, and duties of the Texas Redistricting Commission.

To Redistricting.

**HB 2171** (By R. Cook), Relating to the volunteer fire department self-insurance fund.

To Insurance.

**HB 2172** (By West), Relating to eligibility for a license or registration for an exemption to engage in liquefied petroleum gas-related activities and to disciplinary action against licensees and registrants.

To Energy Resources.

**HB 2173** (By Bailey), Relating to the promotional system for municipal civil service fire fighters and police officers.

To Urban Affairs.

**HB 2174** (By Phillips), Relating to the terms of court of the 15th, 59th, and 336th District Courts.

To Judiciary.

**HB 2175** (By Phillips), Relating to the creation of a judicial district composed of Fannin County and to the composition of the 6th and 336th Judicial Districts.

To Judiciary.

**HB 2176** (By Phillips), Relating to consideration by the Texas Commission on Environmental Quality of a landfill's impact on the transportation systems and economic development of the area in which the landfill is located or proposed to be located.

To Environmental Regulation.

**HB 2177** (By Phillips), Relating to the administration of certain traffic safety grants.

To Transportation.

**HB 2178** (By Van Arsdale), Relating to restricting motion picture theaters from showing certain trailers; providing a civil penalty.

To Culture, Recreation, and Tourism.

**HB 2179** (By B. Cook), Relating to the practice of professional surveying.

To Licensing and Administrative Procedures.

**HB 2180** (By Anderson), Relating to donees of anatomical gifts.

To Public Health.

**HB 2181** (By Flores), Relating to the promotional activities of certain alcoholic beverage license or permit holders.

To Licensing and Administrative Procedures.

**HB 2182** (By Flores), Relating to the packaging and contents of certain alcoholic beverages.

To Licensing and Administrative Procedures.

**HB 2183** (By Casteel), Relating to county regulation of billboards.

To Culture, Recreation, and Tourism.

**HB 2184** (By Oliveira), Relating to the Texas Academy of Mathematics and Science at The University of Texas at Brownsville.

To Higher Education.

**HB 2185** (By Oliveira), Relating to tuition rates for Olympic athletes residing and training in Texas.

To Higher Education.

**HB 2186** (By Swinford), Relating to the holding of a special election to fill a vacancy in the legislature.

To Elections.

**HB 2187** (By Otto), Relating to the exemption from ad valorem taxation of rent-to-own property not held by the lessee primarily to produce income and to the method to be used to depreciate taxable rent-to-own property for tax appraisal purposes.

To Ways and Means.

**HB 2188** (By Deshotel), Relating to the transfer of certain state property from the Texas Department of Mental Health and Mental Retardation to Spindletop MHMR Services.

To Human Services.

**HB 2189** (By Deshotel), Relating to authorizing the issuance of revenue bonds for Lamar Institute of Technology.

To Higher Education.

**HB 2190** (By Deshotel), Relating to authorizing the issuance of revenue bonds for Lamar State College–Port Arthur.

To Higher Education.

**HB 2191** (By Wong), Relating to providing that the social security number of a living person is excepted from required disclosure under the public information law and may be redacted without the necessity of requesting a decision from the attorney general.

To State Affairs.

**HB 2192** (By Hamilton), Relating to authorizing the issuance of revenue bonds for Lamar State College–Orange.

To Higher Education.

**HB 2193** (By Madden), Relating to the operation of a system of community supervision.

To Corrections.

**HB 2194** (By Madden), Relating to the review of the results of competency examinations in criminal cases by the Texas Correctional Office on Offenders with Medical or Mental Impairments.

To Corrections.

**HB 2195** (By Madden), Relating to the disclosure of certain confidential health information to the Texas Department of Criminal Justice.

To Corrections.

**HB 2196** (By Madden), Relating to the transfer of surplus data processing equipment to the Texas Department of Criminal Justice.

To Corrections.

**HB 2197** (By Madden), Relating to the availability to the public of photographs of an inmate confined by the Texas Department of Criminal Justice.  
To Corrections.

**HB 2198** (By Madden), Relating to commissary operation in county jails and privately operated jail facilities.  
To County Affairs.

**HB 2199** (By Madden), Relating to the salaries of a county elections administrator and the administrator's employees.  
To Elections.

**HB 2200** (By Thompson), Relating to the appointment of certified court interpreters.  
To Judiciary.

**HB 2201** (By Hughes), Relating to implementing a clean coal project in Texas.  
To Regulated Industries.

**HB 2202** (By Hughes), Relating to prohibited conflicts of interest of registered lobbyists.  
To Elections.

**HB 2203** (By Hughes), Relating to the powers and duties of the General Land Office and the disposition of certain unsurveyed public school land.  
To Energy Resources.

**HB 2204** (By Harper-Brown), Relating to the sale of public educational facilities to real estate investment trusts.  
To Public Education.

**HB 2205** (By Campbell), Relating to damages for a seller's failure to provide an accounting statement in an executory contract transaction.  
To Business and Industry.

**HB 2206** (By Dutton), Relating to authorizing a justice or municipal court to grant an occupational driver's license.  
To Law Enforcement.

**HB 2207** (By Alonzo), Relating to allowing a political subdivision to hold a local option election on whether a lawfully admitted resident alien may vote in an election held by the political subdivision.  
To Elections.

**HB 2208** (By Phillips), Relating to the creation of a cultural and fine arts district program by the Texas Commission on the Arts.  
To Culture, Recreation, and Tourism.

**HB 2209** (By Quintanilla), Relating to the designation of a chief plumbing inspector by populous municipalities.  
To Urban Affairs.

**HB 2210** (By Quintanilla), Relating to the qualifications of a third-party plumbing inspector hired by a municipality.

To Urban Affairs.

**HB 2211** (By Quintanilla), Relating to the habitability of mobile homes; providing a penalty.

To State Affairs.

**HB 2212** (By Quintanilla), Relating to the student union fee charged at The University of Texas at El Paso.

To Higher Education.

**HB 2213** (By Quintanilla), Relating to the punishment for certain crimes of fraud committed against elderly persons.

To Criminal Jurisprudence.

**HB 2214** (By Otto), Relating to the creation of the Lower Trinity Groundwater Conservation District; providing authority to issue bonds.

To Natural Resources.

**HB 2215** (By Bailey), Relating to the operation of property owners' associations.

To Business and Industry.

**HB 2216** (By Bailey), Relating to peace officers commissioned by the Texas State Board of Podiatric Medical Examiners.

To Public Health.

**HB 2217** (By McCall), Relating to the management of public school land and the permanent school fund.

To Land and Resource Management.

**HB 2218** (By McCall), Relating to the regulation of money services businesses in Texas and penalties.

To Financial Institutions.

**HB 2219** (By Hunter), Relating to the creation of magistrates in Nolan County.

To Judiciary.

**HB 2220** (By Paxton), Relating to the sale of ad valorem tax liens and contracts for foreclosure of ad valorem tax liens.

To Financial Institutions.

**HB 2221** (By Luna), Relating to extending the boundaries of a junior college district to include territory in the district's service area.

To Higher Education.

**HB 2222** (By Menendez), Relating to the prosecution and punishment of certain offenses prohibiting animal fighting.

To Criminal Jurisprudence.

**HB 2223** (By Giddings), Relating to the making of a notation on a forged check by a financial institution.

To Financial Institutions.

**HB 2224** (By Isett), Relating to consumer access to health care information and consumer protection for services provided by or through hospitals and ambulatory surgical centers; providing penalties.

To Insurance.

**HB 2225** (By Rose), Relating to requiring the Texas Department of Transportation to establish a temporary commercial driveway permit program.

To Transportation.

**HB 2226** (By Rose), Relating to the conversion or transfer of a segment of the free state highway system for operation as a turnpike project.

To Transportation.

**HB 2227** (By Flores), Relating to contracting for transportation services to day activity and health services program facilities.

To Public Health.

**HB 2228** (By McCall, Hegar, Woolley, Eiland, and Keel), Relating to the creation of the offense of on-line sexual solicitation of a minor.

To Criminal Jurisprudence.

**HB 2229** (By Reyna), Relating to the automatic renewal of contracts for security services.

To Business and Industry.

**HB 2230** (By Reyna), Relating to fees paid by persons 65 years of age or older for certain hunting and fishing privileges.

To Culture, Recreation, and Tourism.

**HB 2231** (By Reyna), Relating to the payment of child support to an individual with actual primary possession of the child.

To Juvenile Justice and Family Issues.

**HB 2232** (By McCall), Relating to uniform law on negotiable instruments and bank deposits and collections.

To Financial Institutions.

**HB 2233** (By J. Keffer), Relating to state fiscal matters.

To Ways and Means.

**HB 2234** (By J. Keffer), Relating to taxes, fees, and programs administered by the Comptroller.

To Ways and Means.

**HB 2235** (By Baxter), Relating to emergency services districts.

To County Affairs.

**HB 2236** (By Baxter), Relating to restrictions on the imposition of permit fees by political subdivisions.

To Urban Affairs.



**HB 2237** (By Baxter), Relating to certain prerequisites for the Texas Department of Transportation or a regional mobility authority to construct or finance a new toll project or convert a segment of a free state highway to a toll project.

To Transportation.

**HB 2238** (By Deshotel), Relating to license application procedures for pharmacy applicants.

To Public Health.

**HB 2239** (By Luna), Relating to homeland security training and supplemental pay for certain law enforcement officers.

To Law Enforcement.

**HB 2240** (By Haggerty), Relating to the circumstances under which the Texas Commission on Environmental Quality may authorize certain emissions reductions to be substituted for other emissions reductions.

To Environmental Regulation.

**HB 2241** (By Callegari), Relating to the authority of certain municipalities to require a contract between a municipal utility district and the municipality before the district issues obligations.

To Natural Resources.

**HB 2242** (By Hupp, Miller, Corte, Berman, and Isett), Relating to liability of physician assistants who provide certain emergency care.

To Civil Practices.

**HB 2243** (By Jackson), Relating to the regulation of locksmiths and locksmith companies under the Private Security Act.

To Licensing and Administrative Procedures.

**HB 2244** (By R. Cook), Relating to the payment and recovery of municipal charges and costs by providers of electricity.

To Local Government Ways and Means.

**HB 2245** (By R. Cook), Relating to energy aggregation by political subdivisions.

To Regulated Industries.

**HB 2246** (By Hegar), Relating to the amount of damages offered to a real property owner by an entity exercising the power of eminent domain.

To Land and Resource Management.

**HB 2247** (By Isett), Relating to state contract management, including the training of personnel, the negotiation of contracts, and the standardization of practices.

To State Affairs.

**HB 2248** (By Isett), Relating to salary increases, equity adjustments, and merit payments for certain state employees.

To Appropriations.

**HB 2249** (By Rose), Relating to the reporting of loans made for political campaign or officeholder purposes maintained in an account at the end of a reporting period.

To Elections.

**HB 2250** (By Rose), Relating to restricting the making and acceptance of political contributions near an election; providing a criminal penalty.

To Elections.

**HB 2251** (By Rose), Relating to the authority of the commissioners court of a county to regulate the movement of an oversize manufactured house on certain county roads, bridges, or culverts; providing a penalty.

To County Affairs.

**HB 2252** (By Rose), Relating to state purchases from foreign corporations.

To State Affairs.

**HB 2253** (By Rose), Relating to the authority of counties to regulate the use of outdoor lighting; providing a penalty.

To County Affairs.

**HB 2254** (By Rose), Relating to reducing the penalty for a failure by a disabled or elderly person to make a timely installment payment of ad valorem taxes imposed on the person's residence homestead.

To Local Government Ways and Means.

**HB 2255** (By T. King), Relating to requiring a permit for the processing of grease trap waste or grit trap waste or a combination of the two at a treatment facility permitted under Texas Water Code Chapter 26.

To Environmental Regulation.

**HB 2256** (By Gallego), Relating to the terms of court of the 112th Judicial District.

To Judiciary.

**HB 2257** (By Gallego), Relating to the speed limit on a highway in a rural area.

To Transportation.

**HB 2258** (By West), Relating to requiring sex offender registration based on a violation of the offense of obscenity.

To Criminal Jurisprudence.

**HB 2259** (By Baxter), Relating to the use of direct recording electronic voting machines.

To Elections.

**HB 2260** (By Baxter), Relating to the form of information printed on a ballot used in an election.

To Elections.

**HB 2261** (By Baxter), Relating to the correction of registration records.

To Elections.

**HB 2262** (By Baxter), Relating to requiring a voter who is on the suspense list of voters to cast a provisional ballot.

To Elections.

**HB 2263** (By Baxter), Relating to the provision of a ballot to be voted by mail to military personnel and their spouses and dependents.

To Elections.

**HB 2264** (By Baxter), Relating to the charges for certain public information maintained by a governmental body.

To State Affairs.

**HB 2265** (By Baxter), Relating to meeting the state's goal for electric generation capacity by renewable energy technologies and the rate treatment of utility expenditures for interconnecting generating capacity by certain renewable technologies.

To Regulated Industries.

**HB 2266** (By Baxter), Relating to the authority of municipalities to enact requirements that establish the sales price or limit the eligible buyers for certain housing units or residential lots.

To Land and Resource Management.

**HB 2267** (By W. Smith), Relating to the powers of the Coastal Water Authority; providing the authority to impose a tax; affecting the authority to issue bonds.

To Natural Resources.

**HB 2268** (By Woolley), Relating to financial reporting requirements of a nonprofit corporation.

To Business and Industry.

**HB 2269** (By Woolley), Relating to authorizing the issuance of revenue bonds by The University of Texas System for an adult stem cell research center at the Texas Medical Center.

To Higher Education.

**HB 2270** (By Riddle), Relating to the notification of persons affected by a construction project.

To Land and Resource Management.

**HB 2271** (By Riddle), Relating to the prosecution of and punishment for the offense of failure to identify.

To Criminal Jurisprudence.

**HB 2272** (By Farabee), Relating to the establishment of a recreational and health facilities fee at Midwestern State University.

To Higher Education.

**HB 2273** (By B. Cook), Relating to the administration of the unemployment compensation system by the Texas Workforce Commission.

To Economic Development.

**HB 2274** (By B. Cook), Relating to the continuation and functions of the Texas Guaranteed Student Loan Corporation.  
To Higher Education.

**HB 2275** (By B. Cook), Relating to the forfeiture of certain contraband used in the commission of certain felony intoxication offenses.  
To Criminal Jurisprudence.

**HB 2276** (By Pitts), Relating to directing payment, after approval, of certain miscellaneous claims and judgments against the state out of funds designated by this Act; making appropriations.  
To Appropriations.

**HB 2277** (By Peña), Relating to an employment agreement that requires an employee to waive the right to demand a jury trial.  
To Economic Development.

**HB 2278** (By Dukes), Relating to the dissemination of accurate information on voluntary and informed consent for an abortion.  
To State Affairs.

**HB 2279** (By Dukes), Relating to the adequacy of health maintenance organization health care delivery networks and availability of preferred provider benefits; providing penalties.  
To Insurance.

**HB 2280** (By Denny), Relating to the implementation of a statewide voter registration system as required by the federal Help America Vote Act.  
To Elections.

**HB 2281** (By Denny), Relating to the delivery of certain early voting ballots to the central counting station.  
To Elections.

**HB 2282** (By Denny), Relating to the civil penalty for late filing of a lobby registration or report that is corrected by the registrant.  
To Elections.

**HB 2283** (By Denny), Relating to the repeal of obsolete provisions of the Election Code governing the use of mechanical voting machines and punch-card ballots.  
To Elections.

**HB 2284** (By Taylor), Relating to implementation of a study concerning health insurance and medical professional liability insurance issues affecting this state.  
To Insurance.

**HB 2286** (By Taylor, Dawson, and Bonnen), Relating to the use of individuals' driving records in writing automobile insurance.  
To Insurance.

**HB 2287** (By T. King), Relating to the service areas of certain junior college districts.

To Higher Education.

**HB 2288** (By T. King), Relating to the award of graduate, postgraduate, or professional degree program course credit by public institutions of higher education to certain school district employees.

To Higher Education.

**HB 2289** (By T. King), Relating to required notice of and a lien resulting from damage to a fence.

To Business and Industry.

**HB 2290** (By D. Jones), Relating to proportional representation of the public entities participating in certain municipal power agencies on the boards of directors of those municipal power agencies.

To Regulated Industries.

**HB 2291** (By Coleman), Relating to authorizing the issuance of revenue bonds for Texas Southern University for campus facilities and infrastructure.

To Higher Education.

**HB 2292** (By R. Cook), Relating to the appearance of certain misdemeanor offenders before a magistrate.

To Criminal Jurisprudence.

**HB 2293** (By R. Cook), Relating to the disposition of seized weapons.

To Law Enforcement.

**HB 2294** (By R. Cook), Relating to the venue for certain crimes regarding misapplication of property.

To Criminal Jurisprudence.

**HB 2295** (By R. Cook), Relating to exceptions to the application of an offense.

To Criminal Jurisprudence.

**HB 2296** (By R. Cook), Relating to the reduction of certain felonies to a misdemeanor.

To Criminal Jurisprudence.

**HB 2297** (By R. Cook), Relating to penalties for repeat and habitual misdemeanor offenders.

To Criminal Jurisprudence.

**HB 2298** (By Smithee), Relating to elimination of certain rate rollbacks for insurance premium rates for windstorm insurance.

To Insurance.

**HB 2299** (By Smithee), Relating to the payment of physicians and providers who do not have contractual relationships with a preferred provider benefit plan or a health maintenance organization.

To Insurance.

**HB 2300** (By Turner), Relating to the authority of metropolitan rapid transit authorities to enter into comprehensive development agreements.

To Transportation.

**HB 2301** (By Turner), Relating to proceedings involving the change of rates of a water and sewer utility.

To Natural Resources.

**HB 2302** (By Naishtat), Relating to outreach and marketing of the child health plan program.

To Human Services.

**HJR 1** (By Madden), Proposing a constitutional amendment to allow supplemental retirement programs offered by a single employer of a municipality.

To Pensions and Investments.

**HJR 2** (By Riddle), Proposing a constitutional amendment to allow the state highway fund to be used to pay death benefits to the survivors of veterans and to allow the retroactive payment of death benefits to the survivors of certain veterans.

To Appropriations.

**HJR 3** (By Pitts), Relating to proposing a constitutional amendment authorizing the operation of video lottery games on behalf of the state by persons licensed to conduct wagering on horse or greyhound races and by recognized Indian tribes and prohibiting the operation of other gambling devices.

To Ways and Means.

**HJR 4** (By Flores, Pitts, Ritter, Keel, and Turner), Proposing a constitutional amendment authorizing the state to operate video lottery games at racetracks and on Indian lands and authorizing casino gaming in this state.

To Ways and Means.

**HJR 5** (By Flores), Proposing a constitutional amendment authorizing the state to operate video lottery games and the operation of other games of chance to supplement the video lottery games at certain horse and greyhound racetracks and on Indian lands.

To Ways and Means.

**HJR 8** (By Bohac), Proposing a constitutional amendment authorizing the legislature to establish a three percent limitation on annual increases in the appraised value for ad valorem tax purposes of residence homesteads and other residential real property.

To Ways and Means.

**HJR 9** (By Keel), Proposing a constitutional amendment authorizing the legislature to provide for a four-year term for a board member of a regional mobility authority.

To Transportation.

**HJR 59** (By Rodriguez), Proposing a constitutional amendment to remove restrictions on the types of voting methods that may be used to elect the governing body of a municipality.

To Urban Affairs.

**HJR 60** (By Rose), Proposing a constitutional amendment authorizing a student member of the board of regents of a state institution of higher education or state university system to serve a term that differs from the terms served by the other members of the board.

To Higher Education.

**HJR 61** (By Dukes), Proposing a constitutional amendment authorizing a county to impose a local tax on the sale of gasoline and to transfer the revenue from the tax to another political subdivision of this state.

To Ways and Means.

**HJR 62** (By Chavez), Proposing a constitutional amendment to authorize a business entity to conduct sweepstakes for its customers.

To Criminal Jurisprudence.

**HJR 63** (By R. Allen), Proposing a constitutional amendment authorizing state video lottery games that may be operated by licensed racetrack operators or recognized Indian tribes.

To Ways and Means.

**HJR 64** (By Rodriguez), Proposing a constitutional amendment establishing the Texas Redistricting Commission to establish legislative and congressional districts and revising constitutional redistricting procedures.

To Redistricting.

**HJR 65** (By Otto), Proposing a constitutional amendment authorizing the legislature to exempt from ad valorem taxation rent-to-own property not held by the lessee primarily to produce income and to prescribe the method to be used to depreciate taxable rent-to-own property for tax appraisal purposes.

To Ways and Means.

**HJR 66** (By Alonzo), Proposing a constitutional amendment providing by local option for a lawfully admitted resident alien to vote in an election held by a political subdivision.

To Elections.

**HJR 67** (By Hopson, Frost, and R. Cook), Proposing a constitutional amendment increasing the homestead exemption to forty-five thousand dollars.

To Ways and Means.

**HJR 68** (By Villarreal), Proposing a constitutional amendment to permit a county to establish an ad valorem tax freeze on the residence homesteads of certain elderly persons.

To Ways and Means.

**HJR 69** (By Raymond), Proposing a constitutional amendment authorizing the legislature to permit an elderly or disabled person who owns property designated as a homestead to transfer the ownership of the property and the benefits and protections that result from that designation.

To Ways and Means.

**HJR 70** (By Leibowitz), Proposing a constitutional amendment to authorize the legislature to limit the appraised value for ad valorem tax purposes of certain residence homesteads.

To Ways and Means.

**HJR 71** (By Thompson), Proposing a constitutional amendment establishing the Texas Institute for Regenerative Medicine, authorizing the issuance of bonds for the purposes of the institute, and prohibiting the legislature from prohibiting stem cell research.

To Public Health.

**HJR 72** (By Geren), Proposing a constitutional amendment authorizing the legislature to exempt the residence homesteads of certain totally disabled veterans from ad valorem taxation.

To Defense Affairs and State-Federal Relations.

**HJR 73** (By Coleman), Proposing a constitutional amendment relating to a moratorium on the execution of persons convicted of capital offenses.

To Criminal Jurisprudence.

**HJR 74** (By J. Keffer), Proposing a constitutional amendment to abolish the office of county treasurer of Stephens County.

To County Affairs.

**HJR 75** (By Eiland), Proposing a constitutional amendment allowing the legislature to authorize the creation of perpetual trusts.

To Judiciary.

**HJR 76** (By Guillen), Proposing a constitutional amendment increasing the amount of the residence homestead exemption from ad valorem taxation for public school purposes and providing for a corresponding adjustment of the limitation on the amount of ad valorem taxes that may be imposed for those purposes on the homesteads of certain persons.

To Ways and Means.

**HJR 77** (By Vo), Proposing a constitutional amendment prohibiting the taxation of the sale or use of certain food, drinks, and medicine.

To Ways and Means.

**HJR 78** (By Geren), Proposing a constitutional amendment authorizing casino gaming and requiring creation of a Texas Gaming Commission to regulate gaming and casino-based development projects in this state and authorizing the state to operate video lottery games at racetracks and on Indian lands.

To Ways and Means.



**HJR 79** (By Krusee), Proposing a constitutional amendment authorizing the legislature to provide for a six-year term for a board member of a regional mobility authority.

To Transportation.

**HJR 80** (By Krusee), Proposing a constitutional amendment clarifying that certain economic development programs do not constitute a debt.

To Economic Development.

**HJR 81** (By Krusee), Proposing a constitutional amendment creating the Texas rail relocation and improvement fund and authorizing grants of money and issuance of obligations for financing the relocation, construction, reconstruction, acquisition, improvement, rehabilitation, and expansion of rail facilities.

To Transportation.

**HJR 82** (By Hughes), Proposing a constitutional amendment clearing land titles by relinquishing and releasing any state claim to sovereign ownership or title to interest in certain land.

To Land and Resource Management.

**HJR 83** (By Strama), Proposing a constitutional amendment establishing the Texas Redistricting Commission to establish legislative and congressional districts and revising constitutional redistricting procedures.

To Redistricting.

**HJR 84** (By A. Allen), Post-ratifying Amendment XXIV to the Constitution of the United States prohibiting the denial or abridgment of the right to vote for failure to pay any poll tax or other tax.

To Elections.

**HJR 85** (By Crownover), Proposing a constitutional amendment providing for appointment to fill vacancies in certain judicial offices and for nonpartisan retention elections for those offices.

To Judiciary.

**HJR 86** (By Casteel), Proposing a constitutional amendment relating to the recall of school trustees.

To Public Education.

**HJR 87** (By Farabee), Proposing a constitutional amendment to include a constitutional county judge on the membership of State Commission on Judicial Conduct.

To Judiciary.

**HJR 88** (By Farabee), Proposing a constitutional amendment to provide that the Railroad Commission of Texas is governed by a single elected railroad commissioner.

To Energy Resources.

**HJR 89** (By Wong), Proposing a constitutional amendment to authorize the legislature to allow the governing body of a political subdivision to provide an additional exemption from ad valorem taxation for property owned by certain disabled veterans who have been awarded the Purple Heart or their surviving spouses.

To Defense Affairs and State-Federal Relations.

**HJR 90** (By Casteel), Proposing a constitutional amendment authorizing a county to impose a local tax on the sale of gasoline.

To Ways and Means.

**HJR 91** (By Rose), Proposing a constitutional amendment relating to the affordability and adequacy of rates for certain lines of personal insurance in this state.

To Insurance.

**HJR 92** (By Olivo), Proposing a constitutional amendment authorizing compensation for public school employees and retired public school employees serving as members of local governing bodies.

To Public Education.

**HJR 93** (By Farabee), Proposing a constitutional amendment establishing the Texas Redistricting Commission to establish legislative and congressional districts and revising constitutional redistricting procedures.

To Redistricting.

**HJR 94** (By Eiland), Proposing a constitutional amendment to authorize this state to license persons to conduct certain electronic gaming on cruise vessels departing from or returning to a dock in this state.

To Ways and Means.

**HJR 95** (By Raymond), Proposing a constitutional amendment limiting the time in which the legislature may enact or modify districts for the state legislature or the United States House of Representatives.

To Redistricting.

**HJR 96** (By Naishtat), Proposing a constitutional amendment authorizing the issuance of general obligation bonds to provide grants and loans for stem cell research.

To Higher Education.

**HJR 97** (By R. Cook), Proposing a constitutional amendment to authorize the ad valorem taxation of certain property owned by a municipality.

To Local Government Ways and Means.

**HJR 98** (By Menendez), Proposing a constitutional amendment to allow library districts to impose property taxes.

To Local Government Ways and Means.

**HJR 99** (By Merritt), Proposing a constitutional amendment to prohibit an inheritance tax unless approved by a majority of registered voters in a statewide referendum.

To Ways and Means.

**HR 536** (By Alonzo), Remembering victims of the Indian Ocean tsunami and appointing Representatives Elvira Reyna, Roberto Alonzo, and Hubert Vo as designees of the house to spread the word regarding tsunami relief efforts.

To Rules and Resolutions.

**HR 660** (By Hilderbran), Honoring the Chinese National Treasures limited world tour art exhibition.

To Rules and Resolutions.

**HR 661** (By Anchia), Honoring Jerry Nicholson of Dallas for his contributions to his community.

To Rules and Resolutions.

**HR 662** (By Chavez), Congratulating Mark Pierce on his receipt of an award from the Hispanic Chamber of Commerce of El Paso.

To Rules and Resolutions.

**HR 663** (By Chavez), Honoring Belen Robles of El Paso for her civic leadership.

To Rules and Resolutions.

**HR 664** (By Chavez), Honoring Barbara Funkhouser of Las Cruces, New Mexico, on her accomplishments as the first woman to be named editor of the El Paso Times.

To Rules and Resolutions.

**HR 665** (By McCall), In memory of Glenn Eckley Box of Dallas.

To Rules and Resolutions.

**HR 666** (By McCall), Congratulating the Prestonwood Christian Academy girls' soccer team for winning the TAPPS Division II state championship.

To Rules and Resolutions.

**HR 667** (By McCall), Honoring Margaret McDermott of Dallas for her generous support of the Dallas Museum of Art.

To Rules and Resolutions.

**HR 668** (By McCall), Honoring Deedie and Rusty Rose on their significant contributions to the Dallas Museum of Art.

To Rules and Resolutions.

**HR 669** (By McCall), Honoring Cindy and Howard Rachofsky for their significant contributions to the Dallas Museum of Art.

To Rules and Resolutions.

**HR 670** (By McCall), Honoring Marguerite and Robert Hoffman for their significant contributions to the Dallas Museum of Art.

To Rules and Resolutions.

**HR 671** (By Smithee), Commending Shirley Hutzler for her contributions to her industry and recognizing her as the inaugural recipient of the TAHU "Hutzler Legislative Excellence Award."

To Rules and Resolutions.

**HR 674** (By Rose), In memory of U.S. Army Specialist Viktor V. Yolkin of Central Texas.

To Rules and Resolutions.

**HR 675** (By T. Smith), Honoring the leaders and members of the L. D. Bell Blue Raider Marching Band on their outstanding performances.

To Rules and Resolutions.

**HR 676** (By T. Smith), In memory of U.S. Army Staff Sergeant Kyle Andrew Eggers.

To Rules and Resolutions.

**HR 678** (By B. Cook), In memory of Judge Kenneth A. Douglas of Corsicana.

To Rules and Resolutions.

**HR 682** (By Dutton), Honoring the Reverend Robert Staggers, Jr., on 35 years of pastoral service as he retires from Northside Antioch Baptist Church in Houston.

To Rules and Resolutions.

**HR 684** (By Hardcastle), Congratulating John and Evelyn Box of Bryan on the occasion of their 59th wedding anniversary and his 91st birthday.

To Rules and Resolutions.

**HR 685** (By Wong), Congratulating Dr. Robert R. Ivany on his inauguration as president of the University of St. Thomas.

To Rules and Resolutions.

**HR 686** (By Wong), Formally announcing the birth of Chloe Chelsea Choudhury of Houston and congratulating her parents, Tanaz and Chesley Choudhury.

To Rules and Resolutions.

**HR 687** (By Wong), In memory of Gee H. Moy Woo of Houston.

To Rules and Resolutions.

**HR 688** (By Wong), In memory of Juiping H. Chu of Houston.

To Rules and Resolutions.

**HR 689** (By Anchia), Honoring Nina G. Vaca of Dallas on her selection as chair of the Greater Dallas Hispanic Chamber of Commerce.

To Rules and Resolutions.

**HR 690** (By West), Honoring Charles R. Perry and Nancy Jo Perry of Odessa on their 50th wedding anniversary.

To Rules and Resolutions.

**HR 692** (By Gonzalez Toureilles), Congratulating Lupe Martinez on his receipt of a Martin Luther King, Jr., Humanitarian Award from the office of the mayor of Alice.

To Rules and Resolutions.

**HR 697** (By Nixon), Honoring Catherine Cecelia Hartberger of Houston on her 90th birthday.

To Rules and Resolutions.

**HR 700** (By Hughes), Honoring Jarvis Christian College in Hawkins on the occasion of Founders'/Homecoming Week on March 16-20, 2005.

To Rules and Resolutions.

**HR 702** (By West), In memory of A. R. "Happy" Dyer of Odessa.

To Rules and Resolutions.

**HR 703** (By Hamric), Electing the children of house members to the honorary office of mascot.

To House Administration.

**HR 704** (By Hamric), Designating the grandchildren of house members as honorary mascots.

To House Administration.

**HR 705** (By Uresti), Honoring the Parent Association for the Retarded of Texas for its work in behalf of Texans with mental retardation.

To Rules and Resolutions.

**HR 706** (By Uresti), In memory of Dr. Hector X. Samaniego, Sr., of San Antonio.

To Rules and Resolutions.

**HR 708** (By Zedler), Recognizing Daniel Miller of Arlington, the designer of the commemorative Texas state quarter.

To Rules and Resolutions.

**HR 709** (By Zedler), Honoring the members of Girl Scout Troop 2115 on their visit to the State Capitol.

To Rules and Resolutions.

**HR 710** (By Zedler), Congratulating Fort Worth District Clerk Tom Wilder on earning the Best Practices Award from the Texas Association of Counties.

To Rules and Resolutions.

**HR 711** (By Zedler), Congratulating Gary Hardee on his receipt of the 2004 Richard Greene Community Service Award from Young Men for Arlington.

To Rules and Resolutions.

**HR 712** (By Zedler), Congratulating Jeff Williams on his receipt of the 2004 Tom Vandergriff Leadership Award from Young Men for Arlington.

To Rules and Resolutions.

**HR 713** (By Zedler), Congratulating Officer Lee Witt of the Arlington Police Department on the occasion of his retirement.

To Rules and Resolutions.

**HR 714** (By Zedler), Congratulating Donna Darovich on her retirement as director of public affairs for The University of Texas at Arlington.

To Rules and Resolutions.

**HR 718** (By Dutton), Honoring the Knights of Peter Claver and the members of its ladies auxiliary, Council and Court No. 72, and their "Pioneers in the Community" for their remarkable achievements.

To Rules and Resolutions.

**HR 719** (By Hochberg), Honoring Pilgrim Rest Missionary Baptist Church in Houston on its 140th anniversary.

To Rules and Resolutions.

**HR 720** (By Guillen), Honoring H-E-B in Rio Grande City.

To Rules and Resolutions.

**HR 721** (By Flynn), Honoring John and Debbie Phillips of the Life Choices program for their efforts in behalf of America's youth.

To Rules and Resolutions.

**HR 722** (By Taylor), Congratulating Grace DeForde of Friendswood on her receipt of a 2005 Prudential Spirit of Community Award.

To Rules and Resolutions.

**HR 723** (By Veasey), Honoring members of the Tuskegee Airmen on the occasion of their visit to Fort Worth.

To Rules and Resolutions.

**HR 724** (By Menendez), In memory of San Antonio native Ray Rangel, a U.S. Air Force staff sergeant and firefighter.

To Rules and Resolutions.

**HR 725** (By Orr), Congratulating Paul Sutton of Mansfield and William Pettit of Burleson on the success of Charming Socialite, a 2004 Texas champion racehorse.

To Rules and Resolutions.

**HR 726** (By Raymond), Congratulating Communities in Schools of Laredo on its 15th anniversary.

To Rules and Resolutions.

**HR 727** (By Edwards), Amending the house rules to prohibit the house or its committees from meeting on Martin Luther King, Jr., Day.

To Rules and Resolutions.

**HR 728** (By J. Jones), Honoring Willie Russell of Kerens on his 100th birthday.

To Rules and Resolutions.

**SB 6** to Human Services.

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## APPENDIX

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### STANDING COMMITTEE REPORTS

Favorable reports have been filed by committees as follows:

**March 11**

Civil Practices - **HB 740**

Defense Affairs and State-Federal Relations - **HB 548, HB 685, HB 1058**

Pensions and Investments - **HB 1114**

**ENROLLED**

**March 11 - HCR 70**

**SIGNED BY THE GOVERNOR**

**March 11 - HCR 19, HCR 20, HCR 21, HCR 28, HCR 41, HCR 47, HCR 60, HCR 65, HCR 72, HCR 75, HCR 76, HCR 79, HCR 80, HCR 81, HCR 82, HCR 83, HCR 84, HCR 92**

