

## **BILL ANALYSIS**

H.B. 3154  
By: Bonnen  
Local Government Ways and Means  
Committee Report (Amended)

### **BACKGROUND AND PURPOSE**

Under current law, there are few avenues for cities to oversee local sales tax collections and reporting and it is difficult to impossible to determine whether those efforts are successful. The information the comptroller may provide to cities regarding sales tax collections is limited. A city may determine that a particular sales tax outlet is not reporting or collecting properly, but might not know what impact a correction has had on its collections. Thus, cities might not be able to project sales tax revenues as precisely as they need in order to set their budgets and perform long term planning or determine whether their efforts to assist with tax law compliance are effective.

H.B. 3154, as amended, would allow the comptroller only to provide confidential information to a city when a taxpayer is not reporting or collecting the tax as required by law. Even then, the information is not a public record and there are strict penalties for violating the confidentiality of the taxpayer.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

H.B. 3154, as amended, sets up a system to assist cities in determining whether the sales tax they impose is being reported and collected as required by law. If a city believes in good faith that a taxpayer is not reporting or collecting the tax as required by law, the city is authorized to notify the comptroller and the comptroller is authorized to investigate the matter.

If the comptroller determines the taxpayer is not reporting or collecting as required by law, the comptroller may provide the city with the taxpayer's name, tax identification number and the amount the comptroller finds was not reported or collected. Information provided by the city is confidential and there is a Class A misdemeanor penalty for unauthorized disclosure.

To receive information, a city must pass a resolution certifying the specific officers, employees, or agents of the city who may have access to the information. The bill strictly limits access to the information and imposes conflict-of-interest requirements on city agents to prevent misuse of confidential taxpayer information. If these controls are violated, the comptroller may deny a city further access and strict criminal penalties apply.

### **EFFECTIVE DATE**

Immediately, if it receives a vote of two-thirds of all the members of each house or September 1, 2003.

### **EXPLANATION OF AMENDMENTS**

Committee Amendment 1 amends proposed Section 151.027(d), Tax Code, to clarify exactly what information relating to a taxpayer under Section 321.3023, Tax Code, is considered sensitive under this

Act.