

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

March 13, 2003

TO: Honorable Teel Bivins, Chair, Senate Committee on Finance

FROM: John Keel, Director, Legislative Budget Board

IN RE: SB896 by Bivins (Relating to tax refunds.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB896, As Introduced: a positive impact of \$20,000,000 through the biennium ending August 31, 2005.
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General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$0
2005	\$20,000,000
2006	\$30,000,000
2007	\$40,000,000
2008	\$50,000,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1
2004	\$0
2005	\$20,000,000
2006	\$30,000,000
2007	\$40,000,000
2008	\$50,000,000

Fiscal Analysis

The bill would amend Chapter 111 of the Tax Code to clarify statutes relating to the filing of tax refund claims. It would specify who would be able to file tax refund claims, require the reasons for a refund to be included with a claim, and amend provisions relating to administrative hearings on refund claims and the tolling of limitation periods. It would repeal Section 111.207(d) of the Tax Code, relating to the tolling of limitation periods for tax refunds.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2003. The bill only would apply to a claim for a refund made on or after the effective date, without regard to whether the taxes subject to the claim were due before, on, or after that date.

Methodology

The bill would implement recommendation GG 30 from the Comptroller's e-Texas report, *Limited*

Government, Unlimited Opportunity to amend and clarify several refund provisions within the Tax Code that are subject to interpretation, and to codify Comptroller administrative requirements for the processing of claims. The net effect would be to save revenue by eliminating loopholes and decreasing abuse of the refund process. Savings would increase over time as more refund claims became subject to the provisions in this bill.

Local Government Impact

No significant fiscal implication to units of local government is anticipated. To the degree that local taxes are affected by the amended refund procedures, localities would experience an increase in revenues.

Source Agencies: 304 Comptroller Of Public Accounts

LBB Staff: JK, JO, SD, WP