

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 11, 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 and credits.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB896, Committee Report 1st House, Substituted: a positive impact of \$25,000,000 through the biennium ending August 31, 2005.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$0
2005	\$25,000,000
2006	\$35,000,000
2007	\$45,000,000
2008	\$55,000,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND</i> 1	Probable Revenue Gain/(Loss) from <i>FOUNDATION SCHOOL FUND</i> 193
2004	\$0	\$0
2005	\$22,500,000	\$2,500,000
2006	\$32,500,000	\$2,500,000
2007	\$42,500,000	\$2,500,000
2008	\$52,500,000	\$2,500,000

Fiscal Analysis

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

Further, the bill would amend the amount of time available to receive a credit or refund on high-cost gas.

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.

In addition to the above provisions, the bill would specify that, in regard to a certified high-cost gas well, a person could not request a refund of gas production taxes imposed on gas from such a well more than two years before application for certification.

Local Government Impact

To the degree that local tax refunds administered by the Comptroller's office, including but not limited to sales tax refunds, are affected, there would be a positive fiscal impact to certain local governments.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JK, JO, SD, WP