

By: Williams

S.B. No. 1570

A BILL TO BE ENTITLED

AN ACT

relating to the rate of interest on certain tax refunds.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 111.064, Tax Code, is amended by amending Subsections (a), (c), and (f) and adding Subsections (c-1) and (c-2) to read as follows:

(a) Except as otherwise provided by this section [~~Subsections (b) and (c)~~], in a comptroller's final decision on a claim for refund or in an audit, interest is at the rate set in Section 111.060 on the amount found to be erroneously paid for a period:

(1) beginning on the later of 60 days after the date of payment or the due date of the tax report; and

(2) ending on, as determined by the comptroller, either the date of allowance of credit on account of the comptroller's final decision or audit or a date not more than 10 days before the date of the refund warrant.

(c) For a refund granted in connection with a protest payment submitted under Chapter 112 for a report period due on or after January 1, 2000, the rate of the interest is the rate set in Section 111.060.

(c-1) For a refund other than a refund described in Subsection (c) claimed before September 1, 2005, and granted for a report period due on or after January 1, 2000, the rate of interest

1 is the rate set in Section 111.060. For a refund other than a refund
2 described in Subsection (c) claimed on or after September 1, 2005,
3 and granted for a report period due on or after January 1, 2000, the
4 rate of interest is the lesser of:

5 (1) the average rate of interest earned on deposits in
6 the state treasury during the period for which interest is paid on
7 the refund, as determined by the comptroller; or

8 (2) the rate set in Section 111.060.

9 (c-2) A refund, without regard to the date claimed, for a
10 report period due before January 1, 2000, does not accrue interest.

11 (f) A local revenue fund is not subject to Subsections
12 (a)-(c-2) [~~(c)~~]. In this subsection, "local revenue fund"
13 includes a court cost, a fee, a fine, or a similar charge collected
14 by a municipality, a county, or a court of this state and remitted
15 to the comptroller.

16 SECTION 2. This Act takes effect September 1, 2005.