

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

Revision 1

May 7, 2007

TO: Honorable Jim Keffer, Chair, House Committee on Ways & Means

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: SB242 by Shapiro (Relating to the transfer to the State Office of Administrative Hearings of contested cases involving the collection, receipt, administration, and enforcement of state taxes and fees by the comptroller.), **Committee Report 2nd House, Substituted**

No fiscal implication to the State is anticipated.

The bill would add a new section to Chapter 111 of the Tax Code to move the administrative law judges out of the Comptroller's Office, and it would add a new section to Chapter 2003 of the Government Code to create a tax division at the State Office of Administrative Hearings (SOAH).

Under the bill, SOAH would be authorized to timely hear contested cases in relation to the collection, administration, and enforcement of a tax imposed under Title 2 of the Tax Code and any other tax or fee that the Comptroller is required to collect, administer, or enforce. An administrative law judge would have to issue a proposal for decision for each hearing conducted.

The bill would allow the Comptroller, with proper documentation of an error, to change a finding of fact or conclusion of law or vacate or modify an order by an administrative law judge. SOAH would have to provide the Comptroller with monthly pending case status reports, quarterly reports of services performed, as well as a quarterly review of the status of pending cases. The Comptroller would provide SOAH with the Comptroller's priorities and public policy needs as assistance to SOAH. The bill would establish certain other reporting requirements.

The bill would require SOAH to charge the Comptroller's Office a fixed annual fee for the services rendered by the tax division. The fee amount would be based on SOAH's applicable administrative costs, and it would be negotiated biennially by SOAH and the Comptroller to coincide with the Comptroller's legislative appropriations request.

SOAH's tax division would be subject to the Texas Sunset Act and evaluated every two years. The first report would be submitted to the 82nd Legislature.

This 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, 2007.

The bill would apply only to cases filed on or after the effective date. Procedures relating to cases filed before that date would continue in effect as they existed prior to the effective date or as provided by an interagency contract between the Comptroller and SOAH, and in effect on that date.

Currently, the Comptroller has the authority to employ judges who render decisions in tax disputes. Moving this process to the State Office of Administrative Hearings would have no fiscal impact on the state.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, CT