

## **BILL ANALYSIS**

C.S.H.B. 270  
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Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Local governments, like the State of Texas, rely on sales and use tax revenue for a significant percentage of their budgets. Information provided by the comptroller of public accounts regarding sales taxes remitted to the comptroller by businesses within the jurisdiction of each local government that has adopted a sales and use tax, which subsequently is allocated back to each local government, provides a critical tool to help local governments budget, forecast, and manage cash flow. However, the information is incomplete, leaving a crucial piece of the puzzle still missing.

The data provided by the comptroller is available only for businesses that collected more than \$25,000 in sales taxes in the preceding year, and many small businesses that make up a significant employment base and percentage of a local economy are missing from those detailed sales tax reports. Not only is information about these businesses missing from the reports, some of these small retailers also are more mobile and difficult to verify by the local government. C.S.H.B. 270 would allow local governments greater access to vital sales tax information collected by the comptroller that helps them budget, forecast and manage local resources.

### **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**

C.S.H.B. 270 amends Tax Code provisions that require the comptroller of public accounts to provide a municipality, county, special purpose taxing authority, or other local governmental entity that has adopted a local sales and use tax with information about each person doing business within that governmental entity's boundaries or jurisdiction that annually remits to the comptroller a state and local sales tax payment above a specified amount to decrease that specified amount of state and local sales tax remitted from \$25,000 to \$5,000.

### **EFFECTIVE DATE**

September 1, 2011.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 270 differs from the original in nonsubstantive ways by adhering to certain bill drafting conventions. The substitute omits a provision included in the original repealing Section 321.3022(a-2), Tax Code, relating to a requirement that the comptroller of public accounts provide information on request of a local government entity that imposes a sales and use tax but not a property tax regarding the amount of tax paid to the entity by a person doing business in the entity's jurisdiction who annually remits to the comptroller state and local sales tax payments above a minimum threshold.

