

BILL ANALYSIS

Senate Research Center
82R13931 KLA-F

C.S.S.B. 758
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Finance
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Local governments, just like the State of Texas, are reliant on sales and use tax for a significant percentage of their budgets. As a result, the Office of the Comptroller of Public Accounts (comptroller's office), provides local governments with information on sales tax remittances by most businesses within a given jurisdiction. This information has proven to be a useful piece of a local government's budgeting, forecasting, and cash flow management puzzle. However, there is a crucial piece of the puzzle missing.

The detailed data provided by the comptroller's office is only available regarding businesses that have collected over \$25,000 in sales taxes in the prior year, which equates to just over \$300,000 in taxable sales per year. Many small businesses that make up a significant employment base and percentage of a local economy are therefore missing from a local government's detailed sales tax report. This group often includes some of the smaller food vendors, specialty retail shops, and antique mall vendors. Often, these retail tax permit holders are more mobile and difficult to verify by the local government.

Currently, a limited number of cities that impose a sales tax, but do not impose ad valorem taxes, have access to detailed sales tax data from the comptroller's office regarding any business that has remitted \$5,000 in sales tax during the previous year. This compares to the current \$25,000 for those local governments that impose both a sales and an ad valorem tax.

This bill lowers the threshold for detailed sales tax information from \$25,000 to \$5,000 in remitted sales tax. This change allows local governments greater access to vital sales tax information to help them budget, forecast, and manage local resources.

C.S.S.B. 758 amends current law relating to sales and use tax information provided to certain local governmental entities.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 321.3022(a-1), Tax Code, to require the comptroller of public accounts (comptroller) on request, except as otherwise provided by this section, to provide to a municipality or other local governmental entity that has adopted a tax under this chapter information relating to the amount of tax paid to the municipality or other local governmental entity under this chapter during the preceding or current calendar year by each person doing business in the municipality or other local governmental entity who annually remits to the comptroller state and local sales tax payments of more than \$5,000, rather than \$25,000, and any other information as provided by this section.

SECTION 2. Amends Section 322.2022(a), Tax Code, to require the comptroller on request, except as otherwise provided by this section, to provide to a taxing entity information relating to the amount of tax paid to the entity under this chapter during the preceding or current calendar year by each person doing business in the area included in the entity who annually remits to the

comptroller state and local sales tax payments of more than \$5,000, rather than \$25,000, and any other information as provided by this section.

SECTION 3. Amends Section 323.3022(b), Tax Code, to require the comptroller on request, except as otherwise provided by this section, to provide to a county or other local governmental entity that has adopted a tax under this chapter information relating to the amount of tax paid to the county or other local governmental entity under this chapter during the preceding or current calendar year by each person doing business in the county or other local governmental entity who annually remits to the comptroller state and local sales tax payments of more than \$5,000, rather than \$25,000, and any other information as provided by this section.

SECTION 4. Makes application of this Act prospective.

SECTION 5. Effective date: September 1, 2011.