

BILL ANALYSIS

Senate Research Center

S.B. 1663
By: Ellis
Finance
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 1663 closes a loophole that continues to provide companies with \$10 million each year as compensation for school tax abatements outlawed by the 77th Legislature in 2001.

In 1995, S.B. 345 allowed the comptroller of public accounts (comptroller) to reimburse taxes paid on property in reinvestment zones, including school tax abatements. In 2001, the legislature passed H.B. 1449, which prohibited school districts from entering into tax abatement agreements. In 2007, there were 129 business that received refunds.

A contingency rider has been submitted to the Texas Senate Committee on Finance to dedicate the funding from this bill to the TEXAS grant program, which would be an appropriate use of funding originally intended for educational purposes.

According to the comptroller's office, there will always be a two-year delay in stopping the payment of refunds. If the refunds are not repealed now, the state will not begin to see the benefits of repealing the refunds for an additional two years.

As proposed, S.B. 1663 amends current law relating to the repeal of state sales tax and franchise tax refunds for certain ad valorem tax payers.

RULEMAKING AUTHORITY

Rulemaking authority previously granted to the comptroller of public accounts is rescinded in SECTION 1 (Section 111.303, Tax Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Repealer: Subchapter F (Tax Refund for Economic Development), Chapter 111 (Collection Procedures), Tax Code.

SECTION 2. Provides that the repeal of Subchapter F, Chapter 111, Tax Code, by this Act does not affect a right to claim a refund of state sales and use and state franchise taxes that was established under Section 111.301 (Refund of State Taxes; Application for Refund), Tax Code, in relation to taxes paid before the effective date of this Act. Provides that a right to claim a refund of state sales and use and state franchise taxes that was established under Section 111.301, Tax Code, in relation to taxes paid before the effective date of this Act is governed by the law in effect on the date the right to claim the refund was established, and the former law is continued in effect for that purpose.

SECTION 3. Effective date: January 1, 2012.