

1-1 By: Thompson (Senate Sponsor - Patrick) H.B. No. 590  
1-2 (In the Senate - Received from the House May 12, 2011;  
1-3 May 12, 2011, read first time and referred to Committee on Finance;  
1-4 May 17, 2011, reported favorably by the following vote: Yeas 14,  
1-5 Nays 0; May 17, 2011, sent to printer.)

1-6 A BILL TO BE ENTITLED  
1-7 AN ACT

1-8 relating to amended sales tax reports and the reallocation of sales  
1-9 tax revenue.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. Subchapter F, Chapter 321, Tax Code, is amended  
1-12 by adding Section 321.510 to read as follows:

1-13 Sec. 321.510. REALLOCATION OF MUNICIPAL OR LOCAL  
1-14 GOVERNMENTAL ENTITY TAX REVENUE. (a) In this section, "local  
1-15 governmental entity" includes any governmental entity created by  
1-16 the legislature that has a limited purpose or function, that has a  
1-17 defined or restricted geographic territory, and that is authorized  
1-18 by law to impose a local sales and use tax the imposition,  
1-19 computation, administration, enforcement, and collection of which  
1-20 is governed by this chapter.

1-21 (b) This section applies only if:

1-22 (1) the comptroller:

1-23 (A) reallocates local tax revenue from a  
1-24 municipality or local governmental entity to another municipality  
1-25 or local governmental entity; or

1-26 (B) refunds local tax revenue that was previously  
1-27 allocated to a municipality or local governmental entity; and

1-28 (2) the amount the comptroller reallocates or refunds  
1-29 is at least equal to the lesser of:

1-30 (A) \$200,000;

1-31 (B) an amount equal to 10 percent of the revenue  
1-32 received by the municipality or local governmental entity under  
1-33 this chapter during the calendar year preceding the calendar year  
1-34 in which the reallocation or refund is made; or

1-35 (C) an amount that increases or decreases the  
1-36 amount of revenue the municipality or local governmental entity  
1-37 receives under this chapter during a calendar month by more than 15  
1-38 percent as compared to revenue received by the municipality or  
1-39 local governmental entity during the same month in any previous  
1-40 year.

1-41 (c) Subject to the criteria provided by this section, a  
1-42 municipality or local governmental entity may request a review of  
1-43 all available sales tax returns and reports in the comptroller's  
1-44 possession filed by not more than five individual taxpayers doing  
1-45 business in the municipality or local governmental entity that are  
1-46 included and identified by the municipality or local governmental  
1-47 entity from the information received from the comptroller under  
1-48 Section 321.3022 and that relate to a reallocation or refund in an  
1-49 amount described by Subsection (b).

1-50 (d) The comptroller shall provide the returns and reports  
1-51 requested under Subsection (c) for review regardless of whether the  
1-52 information in the returns or reports is confidential under state  
1-53 law, including Sections 111.006 and 151.027.

1-54 (e) The provision of confidential information to a  
1-55 municipality or local governmental entity under this section does  
1-56 not affect the confidential nature of the information in the  
1-57 returns or reports. A municipality or local governmental entity  
1-58 shall use the information only in a manner that maintains the  
1-59 confidential nature of the information and may not disclose or  
1-60 release the information to the public.

1-61 (f) A municipality or local governmental entity must submit  
1-62 the request under Subsection (c) not later than the 90th day after  
1-63 the date the municipality or local governmental entity discovers a  
1-64 reallocation or refund described by Subsection (b).

2-1 (g) Not earlier than the 30th day or later than the 90th day  
 2-2 after the date the comptroller receives a request under Subsection  
 2-3 (c), the comptroller shall provide the requested returns and  
 2-4 reports to the requesting municipality or local governmental entity  
 2-5 for review.

2-6 (h) The comptroller may set and collect from a municipality  
 2-7 or local governmental entity a reasonable fee to cover the expense  
 2-8 of compiling and providing information under this section.

2-9 SECTION 2. Section 322.108(a), Tax Code, is amended to read  
 2-10 as follows:

2-11 (a) Except as provided by Subsection (b), the following  
 2-12 apply to the taxes imposed by this chapter in the same manner as  
 2-13 applicable to a municipality under Chapter 321:

- 2-14 (1) Section 321.002(a)(3);
- 2-15 (2) Section 321.003;
- 2-16 (3) Section 321.203;
- 2-17 (4) Section 321.205(d);
- 2-18 (5) Section 321.208;
- 2-19 (6) Section 321.209;
- 2-20 (7) Section 321.303;
- 2-21 (8) Section 321.304; ~~and~~
- 2-22 (9) Section 321.305; and
- 2-23 (10) Section 321.510.

2-24 SECTION 3. Subchapter F, Chapter 323, Tax Code, is amended  
 2-25 by adding Section 323.510 to read as follows:

2-26 Sec. 323.510. REALLOCATION OF COUNTY OR LOCAL GOVERNMENTAL  
 2-27 ENTITY TAX REVENUE. (a) In this section, "local governmental  
 2-28 entity" includes any governmental entity created by the legislature  
 2-29 that has a limited purpose or function, that has a defined or  
 2-30 restricted geographic territory, and that is authorized by law to  
 2-31 impose a local sales and use tax the imposition, computation,  
 2-32 administration, enforcement, and collection of which is governed by  
 2-33 this chapter.

2-34 (b) This section applies only if:

2-35 (1) the comptroller:

2-36 (A) reallocates local tax revenue from a county  
 2-37 or local governmental entity to another county or local  
 2-38 governmental entity; or

2-39 (B) refunds local tax revenue that was previously  
 2-40 allocated to a county or local governmental entity; and

2-41 (2) the amount the comptroller reallocates or refunds  
 2-42 is at least equal to the lesser of:

2-43 (A) \$200,000;

2-44 (B) an amount equal to 10 percent of the revenue  
 2-45 received by the county or local governmental entity under this  
 2-46 chapter during the calendar year preceding the calendar year in  
 2-47 which the reallocation or refund is made; or

2-48 (C) an amount that increases or decreases the  
 2-49 amount of revenue the county or local governmental entity receives  
 2-50 under this chapter during a calendar month by more than 15 percent  
 2-51 as compared to revenue received by the county or local governmental  
 2-52 entity during the same month in any previous year.

2-53 (c) Subject to the criteria provided by this section, a  
 2-54 county or local governmental entity may request a review of all  
 2-55 available sales tax returns and reports in the comptroller's  
 2-56 possession filed by not more than five individual taxpayers doing  
 2-57 business in the county or local governmental entity that are  
 2-58 included and identified by the county or local governmental entity  
 2-59 from the information received from the comptroller under Section  
 2-60 323.3022 and that relate to a reallocation or refund in an amount  
 2-61 described by Subsection (b).

2-62 (d) The comptroller shall provide the returns and reports  
 2-63 requested under Subsection (c) for review regardless of whether the  
 2-64 information in the returns or reports is confidential under state  
 2-65 law, including Sections 111.006 and 151.027.

2-66 (e) The provision of confidential information to a county or  
 2-67 local governmental entity under this section does not affect the  
 2-68 confidential nature of the information in the returns or reports. A  
 2-69 county or local governmental entity shall use the information only

3-1 in a manner that maintains the confidential nature of the  
3-2 information and may not disclose or release the information to the  
3-3 public.

3-4 (f) A county or local governmental entity must submit the  
3-5 request under Subsection (c) not later than the 90th day after the  
3-6 date the county or local governmental entity discovers a  
3-7 reallocation or refund described by Subsection (b).

3-8 (g) Not earlier than the 30th day or later than the 90th day  
3-9 after the date the comptroller receives a request under Subsection  
3-10 (c), the comptroller shall provide the requested returns and  
3-11 reports to the requesting county or local governmental entity for  
3-12 review.

3-13 (h) The comptroller may set and collect from a county or  
3-14 local governmental entity a reasonable fee to cover the expense of  
3-15 compiling and providing information under this section.

3-16 SECTION 4. This Act takes effect September 1, 2011.

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