

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 5, 2011

TO: Honorable Harvey Hilderbran, Chair, House Committee on Ways & Means

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

IN RE: HB590 by Thompson (relating to amended sales tax reports and the reallocation of sales tax revenue.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend Chapters 321, 322, and 323 of the Tax Code, to provide for a local governmental entity to request a review of all sales tax returns and reports filed by not more than five taxpayers that relate to certain reallocations and refunds of local sales tax revenue.

New Sections 321.510 and 323.510 would provide that a local governmental entity may request related tax returns for review if the Comptroller reallocates or refunds tax revenues that equal the lesser of: 1) \$200,000; 2) 10 percent of the revenue received by the entity during the prior calendar year; or 3) an amount that changes the revenue received during a calendar month by more than 15 percent as compared with the same month in any previous year. The Comptroller would be required to provide the requested taxpayer information and to notify the affected taxpayers and other affected taxing entities of the request. Provision of confidential information under the new sections would not affect the confidential nature of the information. The Comptroller would be authorized to set and collect a reasonable fee from local governmental entities for the expense of compiling and providing information under these sections.

The Comptroller indicates they would need an additional 5 FTEs to process and handle the increased number of returns filed and the requests associated with reallocation of local sales and use tax to local governmental entities.

The bill would take effect September 1, 2011.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, KK, SD