

By: Ellis

S.B. No. 14

A BILL TO BE ENTITLED

AN ACT

relating to a periodic review of state and local tax preferences.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle B, Title 3, Government Code, is amended by adding Chapter 320A to read as follows:

CHAPTER 320A. REVIEW OF STATE AND LOCAL TAX PREFERENCES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 320A.001. DEFINITION. In this chapter, "tax preference" means a credit, discount, exclusion, exemption, refund, special valuation, special accounting treatment, special rate, or special method of reporting authorized by state law that relates to a state or local tax imposed in this state.

SUBCHAPTER B. SCHEDULE FOR PERIODIC REVIEW

OF STATE AND LOCAL TAX PREFERENCES

Sec. 320A.051. DEVELOPMENT AND BIENNIAL MODIFICATION OF STATE AND LOCAL TAX PREFERENCE REVIEW SCHEDULE. (a) The comptroller shall:

(1) identify each state tax preference and each type of local tax preference;

(2) develop a state and local tax preference review schedule under which each identified tax preference is reviewed once during each 12-year period; and

(3) specifically identify on the schedule each of the tax preferences the Legislative Budget Board must review for

1 purposes of the next report due under Section 320A.151.

2 (b) Except as provided in Subsection (c), in developing the  
3 schedule, the comptroller shall give priority to scheduling for  
4 review the tax preferences that result in the greatest reduction in  
5 revenue derived from the taxes to which the tax preferences relate.

6 (c) In developing the schedule, the comptroller may:

7 (1) schedule for review at the same time all tax  
8 preferences authorized in the same chapter of the Tax Code; and

9 (2) schedule the initial review of a tax preference  
10 that has an expiration date for any date the comptroller determines  
11 is appropriate.

12 (d) The comptroller shall revise the schedule biennially  
13 only to:

14 (1) add to the schedule a tax preference that was  
15 enacted after the comptroller developed the most recent schedule;

16 (2) delete from the schedule a tax preference that was  
17 repealed or that expired after the comptroller developed the most  
18 recent schedule;

19 (3) update the review dates of the tax preferences for  
20 which reviews were conducted after the comptroller developed the  
21 most recent schedule; and

22 (4) update the tax preferences identified under  
23 Subsection (a)(3).

24 Sec. 320A.052. PUBLIC COMMENT. The comptroller shall  
25 provide a process by which the public may comment on the state and  
26 local tax preference review schedule under Section 320A.051. The  
27 comptroller shall consider those comments in developing or revising

1 the schedule.

2 Sec. 320A.053. SCHEDULE PROVIDED TO LEGISLATIVE BUDGET  
3 BOARD. Not later than December 1 of each odd-numbered year, the  
4 comptroller shall provide the state and local tax preference review  
5 schedule to the Legislative Budget Board.

6 SUBCHAPTER C. CONDUCT OF REVIEW OF STATE

7 AND LOCAL TAX PREFERENCES

8 Sec. 320A.101. PERIODIC REVIEW OF TAX PREFERENCES. The  
9 Legislative Budget Board shall periodically review each state tax  
10 preference and each type of local tax preference according to the  
11 state and local tax preference review schedule provided by the  
12 comptroller under Section 320A.053. In reviewing a tax preference,  
13 the board shall:

14 (1) summarize the legislative history of the tax  
15 preference;

16 (2) estimate the amount of lost tax revenue  
17 attributable to the tax preference during the preceding 12-year  
18 period, including the percent reduction in the tax revenue of the  
19 related state or local tax, using amounts reported by the  
20 comptroller under Section 403.014, if available;

21 (3) determine the effect of the tax preference on the  
22 distribution of the tax burden by income class and industry or  
23 business class during the preceding 12-year period, using amounts  
24 reported and data analyzed by the comptroller under Sections  
25 403.014 and 403.0141, if available; and

26 (4) evaluate, for a tax preference that reduces by  
27 more than one percent the total revenue of the related state or

1 local tax, the fiscal impact of the tax preference during the  
2 preceding and following 12-year periods, based on a cost-benefit  
3 analysis of the general effects of the tax preference on the overall  
4 state economy, including the effects on:

5 (A) job creation by industry sector;

6 (B) average wage by industry sector;

7 (C) gross state product by industry sector;

8 (D) business expenditures by industry sector;

9 and

10 (E) personal consumption by income class.

11 Sec. 320A.102. COOPERATION BY OTHER STATE ENTITIES. (a)

12 The Legislative Budget Board may request assistance from the  
13 comptroller or any other state agency, department, or office if the  
14 board needs assistance to perform the review required by Section  
15 320A.101. The comptroller or other agency, department, or office  
16 shall provide the requested assistance.

17 (b) Notwithstanding Section 111.006, Tax Code, or other  
18 law, the comptroller shall provide to the Legislative Budget Board  
19 complete electronic access to tax files maintained by the  
20 comptroller, as the staff of the board determines necessary to  
21 perform a review required by Section 320A.101. An employee of the  
22 board that accesses tax files maintained by the comptroller is  
23 subject to the same duties and requirements regarding  
24 confidentiality as an employee of the comptroller who accesses the  
25 files.

26 SUBCHAPTER D. REPORT ON TAX PREFERENCES

27 Sec. 320A.151. REPORT. Not later than September 1 of each

1 even-numbered year, the Legislative Budget Board shall provide to  
2 the presiding officers of the senate finance committee, or its  
3 successor, and the house ways and means committee, or its  
4 successor, a report on the reviews of tax preferences identified  
5 under Section 320A.051(a)(3). The board shall post the report on  
6 the board's Internet website as soon as possible after the board  
7 provides the report to the presiding officers under this section.

8         SECTION 2. Notwithstanding Section 320A.053, Government  
9 Code, as added by this Act, the comptroller of public accounts shall  
10 submit the initial state and local tax preference review schedule  
11 required by that section not later than January 15, 2014.

12         SECTION 3. The Legislative Budget Board shall submit the  
13 initial report required by Section 320A.151, Government Code, as  
14 added by this Act, not later than September 1, 2014.

15         SECTION 4. This Act takes effect January 1, 2014.