

BILL ANALYSIS

H.B. 35
By: Murphy
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties note that the state provides a discount for businesses that prepay estimated sales and use taxes. The parties assert that the discount to these businesses has become unnecessarily costly to the state and, because of the state's robust income, the high discount rate is no longer necessary. H.B. 35 seeks to create a discount program that falls in line with the state's current needs.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 35 amends the Tax Code to create an alternative to the current 1.25 percent discount for prepayment of sales and use taxes by providing a taxpayer who prepays the taxpayer's sales and use tax liability the option to deduct and withhold the lesser of that specified percentage of the prepayment or an annually adjusted percentage of the amount of the prepayment that yields an annualized rate of return equal to the prime rate as published in The Wall Street Journal on the first business day of each calendar year, plus four percent.

H.B. 35 requires the comptroller of public accounts, not later than January 5 of each year, to determine the percentage of a taxpayer's prepayment that may be deducted and withheld and publish that percentage on the comptroller's website. The bill establishes that the determined percentage applies to a deduction and withholding from a prepayment of tax liability that a taxpayer makes on or after January 15 of the year the comptroller makes the determination and before January 15 of the succeeding year. The bill requires the comptroller to make the initial determination of the percentage of a taxpayer's prepayment that may be deducted and withheld not later than January 5, 2016.

H.B. 35 applies to a prepayment of tax liability made on or after January 15, 2016.

EFFECTIVE DATE

October 1, 2015.