

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**March 31, 2017**

**TO:** Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** **HB1370** by Springer (relating to sales and use tax information provided to certain local governmental entities.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1370, Committee Report 1st House, Substituted: a negative impact of (\$400,000) through the biennium ending August 31, 2019.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2018	(\$200,000)
2019	(\$200,000)
2020	(\$200,000)
2021	(\$200,000)
2022	(\$200,000)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable (Cost) from <i>General Revenue Fund</i> 1	Change in Number of State Employees from FY 2017
2018	(\$200,000)	3.0
2019	(\$200,000)	3.0
2020	(\$200,000)	3.0
2021	(\$200,000)	3.0
2022	(\$200,000)	3.0

**Fiscal Analysis**

The bill would amend Chapters 321, 322 and 323 of the Tax Code, regarding confidential taxpayer information that must be provided to certain local governmental entities.

Section 321.3022(a-1) would be amended to provide that, on the request of a municipality or other local governmental entity that imposes tax under Chapter 321 (Municipal Sales and Use Tax Act), the Comptroller would provide information relating to tax payments by individual outlet of

businesses in the taxing jurisdiction. Parallel amendments of Section 322.2022(a) and Section 323.3022(b) would be made, with respect to information that must be provided to a local governmental entity that imposes tax under Chapter 322 (Sales and Use Tax for Special Purpose Taxing Authorities) or Chapter 323 (County Sales and Use Tax Act).

Section 321.3022(a-2) would be amended to provide that, on the request of a municipality or other local governmental entity with a population less than 150,000 that imposes tax under the chapter, the Comptroller would provide information on the amount of tax paid to the municipality or other entity by any business in the jurisdiction that annually remits state and local sales tax payments of more than \$100. The \$100 threshold is a reduction from a threshold of \$500 in current law with respect to requests for such information by municipal taxing jurisdictions that do not impose an ad valorem tax.

The bill would repeal Subsections (c) and (d) of Section 321.3022, Subsections (c) and (d) of Section 322.2022, and Subsections (d) and (e) of Section 323.3022. These Subsections limit the provision of taxpayer information by the Comptroller to municipalities, counties, and other local sales taxing jurisdictions to aggregate totals for all persons doing business in certain areas of the jurisdictions, such that individual tax payments are not disclosed.

The bill would take effect September 1, 2017.

### **Methodology**

The provisions of the bill relate to disclosure of individually identifiable taxpayer information by the Comptroller to local taxing jurisdictions, but do not alter tax liabilities of persons subject to local sales taxes. Accordingly the bill would have no revenue implications.

This administrative cost estimate reflects the funds that would be necessary to hire three accounts examiners to handle the anticipated increase in information requests. Current law requires the Comptroller's Office to provide municipalities aggregated quarterly municipal sales and use tax reports. The committee substitute simply replaces tax information on "gross sales, taxable sales, and taxable purchases" with "tax payments." The substitute retains the lowered remittance threshold of businesses included in the report from \$500 to \$100 as well as the provision regarding municipalities with a population less than 150,000 (all but 16 of the more than 1,100 municipalities in the state).

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** UP, KK, SD, LCO