

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

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

**April 11, 2017**

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

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

**IN RE: HB2171** by Guillen (Relating to notice to affected local taxing entities of certain claims for overpayment of sales or use taxes.), **As Introduced**

<p><b>No significant fiscal implication to the State is anticipated.</b></p>
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The bill would amend Chapter 151, Tax Code, regarding sales and use tax refunds and credits.

The bill would add new Subsection (c-1) to Section 151.430 to provide that the Comptroller shall notify a local taxing entity if the entity's portion of the tax for which a refund is claimed or credit taken equals or exceeds five percent of the sales and use tax received by the entity during the preceding calendar year. The notice would be required no later than the 30th day after the refund is claimed or credit taken.

As the bill provides a notice requirement but does not affect the determination of state or local tax liabilities, there would be no effect on tax revenue. However, according to the Comptroller of Public Accounts, the bill as drafted would be difficult to implement. A refund request does not always include tax amounts or local jurisdiction information, nor is such information required under Tax Code, Section 111.104. Thirty percent of refund requests received have an incorrect local jurisdiction listed, hindering the ability of the Comptroller's Office to provide notification at the time the refund is requested. The 30 day notification as provided under this bill does not allow time for verification of the claim or take into account fluctuations between allocation periods which may result in inaccurate and outdated information being sent to local jurisdictions. The Comptroller of Public Accounts indicates the bill is not expected to have a significant cost to implement, however the 30 day notification requirement in many cases will be impossible to meet.

The bill would take effect September 1, 2017.

**Local Government Impact**

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

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

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