

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

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**April 17, 2019**

**TO:** Honorable Jim Murphy, Chair, House Committee on Pensions, Investments & Financial Services

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE:** **HB3872** by Longoria (Relating to data matching with financial institutions to facilitate the collection of state delinquent tax liabilities.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3872, As Introduced: a positive impact of \$36,180,000 through the biennium ending August 31, 2021.

**Additionally, the bill will have a direct impact of a revenue gain to the Property Tax Relief Fund of \$1,280,000 for the 2020-21 biennium. Any gain to the Property Tax Relief Fund will result in an equal amount of General Revenue savings.**

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

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2020	\$12,047,000
2021	\$24,133,000
2022	\$22,926,000
2023	\$18,341,000
2024	\$14,673,000

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

<b>Fiscal Year</b>	<b>Probable Revenue Gain from General Revenue Fund 1</b>	<b>Probable Revenue Gain from Property Tax Relief Fund 304</b>
2020	\$12,047,000	\$426,000
2021	\$24,133,000	\$854,000
2022	\$22,926,000	\$811,000
2023	\$18,341,000	\$649,000
2024	\$14,673,000	\$519,000

**Fiscal Analysis**

The bill would amend Chapter 111 of the Tax Code, relating to data matching with financial

institutions to facilitate the collection of state delinquent tax liabilities.

The bill would allow the Comptroller to request that financial institutions search their systems for delinquent taxpayers with accounts at those institutions. Search criteria can include account holder names, social security numbers, or federal employer identification numbers. Reports from the financial institution to the Comptroller would contain account numbers and amount of funds within accounts.

The Comptroller's Enforcement division would incorporate the record match information into current enforcement processes by targeting the matched accounts for freeze action, significantly improving efficiency, and increasing return on delinquent tax collections.

The bill would take effect September 1, 2019.

### **Methodology**

The bill would bring an estimated additional \$12.47 million to the treasury for fiscal year 2020 and an additional \$24.98 million for fiscal year 2021. The estimate is based on the low end of success rates from five other states that have implemented similar programs. Under the provisions of the bill, it is estimated that of the 65,650 freezes issued in fiscal year 2018, an additional 6,418 would have been successfully captured, with an average amount of \$3,920 per capture, resulting in a gain of \$24.98 million. As a result of initial program implementation, partial effects would occur in fiscal year 2020.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

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

**LBB Staff:** WP, CMa, SD, KK