

By: Buckingham

S.B. No. 498

A BILL TO BE ENTITLED

AN ACT

relating to the rate of interest on certain tax refunds.

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

SECTION 1. Section 111.064, Tax Code, is amended by amending Subsections (a), (c), and (c-1) and adding Subsection (a-1) to read as follows:

(a) Except as otherwise provided by this section, for a refund under this chapter granted for a report period due on or after September 1, 2027, interest is at the rate [~~that is the lesser of the annual rate of interest earned on deposits in the state treasury during December of the previous calendar year, as determined by the comptroller, or the rate~~] set in Section 111.060[7] and accrues on the amount found to be erroneously paid for a period:

(1) beginning on the later of 60 days after the date of payment or the due date of the tax report; and

(2) ending on, as determined by the comptroller, either the date of allowance of credit on account of the comptroller's final decision or audit or a date not more than 10 days before the date of the refund warrant.

(a-1) A refund under this chapter granted for a report period due on or after September 1, 2023, but before September 1, 2025, accrues interest at the rate of the prime rate plus 0.5 percent. A refund under this chapter granted for a report period

1 due on or after September 1, 2025, but before September 1, 2027,
2 accrues interest at the rate of the prime rate plus 0.75 percent.
3 Interest accrues under this subsection on the amount found to be
4 erroneously paid as described by Subsection (a).

5 (c) A [~~For a~~] refund under this chapter [~~claimed before~~
6 ~~September 1, 2005, and~~] granted for a report period due on or after
7 January 1, 2000, but before September 1, 2023, accrues [~~the rate of~~]
8 interest as follows:

9 (1) if the refund is claimed before September 1, 2005,
10 at [~~is~~] the rate set in Section [111.060](#); and

11 (2) if the refund is claimed on or after September 1,
12 2005, at the rate that is the lesser of:

13 (A) the rate set in Section [111.060](#); or

14 (B) the annual rate of interest earned on
15 deposits in the state treasury during December of the previous
16 calendar year, as determined by the comptroller.

17 (c-1) A refund under this chapter granted [~~, without regard~~
18 ~~to the date claimed,~~] for a report period due before January 1,
19 2000, does not accrue interest.

20 SECTION 2. This Act takes effect September 1, 2021.