

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION
Revision 1

March 16, 2021

TO: Honorable Rafael Anchia, Chair, House Committee on Pensions, Investments & Financial Services

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB1258 by Ashby (Relating to data matching with financial institutions to facilitate the collection of certain delinquent tax liabilities.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1258, As Introduced : a positive impact of \$38,480,000 through the biennium ending August 31, 2023.

Additionally, the bill will have a direct impact of a revenue gain to the Property Tax Relief Fund of \$1,530,000 for the 2022-23 biennium. Any gain to the Property Tax Relief Fund will result in an equal amount of savings to the General Revenue for funding the Foundation School Program.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2022	\$12,860,000
2023	\$25,620,000
2024	\$24,340,000
2025	\$19,470,000
2026	\$15,580,000

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Revenue Gain from General Revenue Fund 1</i>	<i>Probable Revenue Gain from Property Tax Relief Fund 304</i>
2022	\$12,860,000	\$510,000
2023	\$25,620,000	\$1,020,000
2024	\$24,340,000	\$970,000
2025	\$19,470,000	\$770,000
2026	\$15,580,000	\$620,000

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 allows 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, 2021.

Methodology

The bill would bring an estimated additional \$13.37 million to the treasury for fiscal year 2022, and an additional \$26.64 million for fiscal year 2023. The estimate is based on the conservative 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 67,698 freezes issued in fiscal year 2019, an additional 6,326 would have been successfully captured, with an average amount of \$4,248 per capture, resulting in a gain of \$26.87 million. As a result of initial program implementation, partial effects would occur in fiscal 2022.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts

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