

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 23, 2021

TO: Honorable Jane Nelson, Chair, Senate Committee on Finance

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2080 by Leman (Relating to taxpayers' suits.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill would amend Chapter 112 of the Tax Code (Taxpayers' Suits) by adding Subchapter E (Suit after Redetermination) to provide for a taxpayer to bring suit in district court without having first paid a disputed amount in protest.

Provisions governing procedures for taxpayer suits would be restructured and clarified, including provisions regarding determination of disputed and undisputed amounts, payment of undisputed amounts, assertion of tax liens and enjoinder from collection of disputed amounts during pendency of suit, period for filing suit, records and documentation requirements, period for filing counterclaim by state, limitation of issues in suit to specific grounds of error asserted, evidentiary basis of trial, and applicability of penalty and interest to amounts due from a plaintiff and of interest to amounts due to a plaintiff after final judgement. The bill would only apply to suits disputing an amount of tax, penalty, or interest that becomes due and payable after the bill's effective date.

The bill would make conforming amendments of Chapter 403, Government Code and of pertinent sections of Chapter 112, Tax Code.

The provisions of the bill would have no effect on the amounts of tax ultimately determined due. Elimination of the requirement of payments in protest of disputed amounts could have a negative effect on the state's cash flow during pendency of suits; however, such effect is expected to be negligible, as nonpayment may result in attachment of tax liens to a plaintiff's property and liability for penalty and interest on disputed amounts when final judgement is against the plaintiff.

The bill would take effect September 1, 2021.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, KK, SD