

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

March 19, 2021

TO: Honorable Morgan Meyer, Chair, House Committee on Ways & Means

FROM: Jerry McGinty, Director, Legislative Budget Board

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

No significant fiscal implication to the State is anticipated.

The bill would amend Chapter 112 of the Tax Code (Taxpayers' Suits) to eliminate the requirement that a taxpayer pay a disputed amount in protest as a condition for bringing suit in district court.

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 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.

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