

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 9, 2021

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB903 by Perry (relating to suits for tax refunds.), **Committee Report 1st House, Substituted**

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| <p>No significant fiscal implication to the State is anticipated.</p> |
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The bill would amend Chapters 111 (Collection Procedures) and 112 (Taxpayers' Suits), Tax Code to provide a taxpayer claiming a tax refund the option to bypass the hearing process and bring a tax refund suit in a district court.

The bill would amend Chapter 111, Tax Code (Collection Procedures) by adding provisions to provide a taxpayer claiming a tax refund to file a notice of intent with the comptroller to bypass the hearing process at the State Office of Administrative Hearings (SOAH) and bring a suit in district court. Among other requirements, a taxpayer must file the notice of intent on or before the 60th day after the date the comptroller issues a letter denying the refund claim and assert the material facts and specific legal basis on which the refund is claimed. Also, the comptroller may require the taxpayer to participate in a conference to clarify any fact or legal issue in dispute regarding the refund claim and discuss documentation needed to support the claim. Except in a specific circumstance, a taxpayer who files a notice of intent waives the right to a SOAH hearing.

The bill would amend Section 112.152 to add provisions concerning the notice of intent to bypass a SOAH hearing and the associated timelines related to a taxpayer suit.

The provisions of the bill would apply to a refund claim that is pending on or after September 1, 2021.

The bill would provide for a procedural change for addressing tax refund claims, but it would not have substantive implications for the outcomes of refund claim determinations. Bypass of the hearings process could result in earlier payment of refunds when refunds are ultimately determined due, but not in amounts likely to be significant for cash flow management and thus would not have significant fiscal implications for the state or units of local government.

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