

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION
Revision 1

April 1, 2025

TO: Honorable Joan Huffman, Chair, Senate Committee on Finance

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB1337 by Creighton (Relating to the computation of certain tax penalties and interest amounts.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1337, As Introduced: a negative impact of (\$83,900,000) through the biennium ending August 31, 2027.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2026	(\$40,900,000)
2027	(\$43,000,000)
2028	(\$45,100,000)
2029	(\$47,400,000)
2030	(\$49,700,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Revenue (Loss) from General Revenue Fund 1
2026	(\$40,900,000)
2027	(\$43,000,000)
2028	(\$45,100,000)
2029	(\$47,400,000)
2030	(\$49,700,000)

Fiscal Analysis

The bill would amend Subchapter B (Tax Reports and Payments), Chapter 111 of the Tax Code (Collection Procedures) concerning the computation of certain tax penalties and interest amounts.

The bill would amend Section 111.060 (Interest on Delinquent Tax), Tax Code, specifying interest on delinquent taxes is calculated after deducting any overpayments from the same or previous periods.

The bill would amend Section 111.061 (Penalty on Delinquent Tax or Tax Reports), Tax Code, specifying the penalty for unpaid taxes is determined based on the remaining amount due after deducting any prior overpayments.

The bill would amend Section 111.064 (Interest on Refund or Credit), Tax Code, stipulating interest on tax

refunds is calculated only on the net overpayment, after any underpayments from the same or prior periods are first deducted.

The bill would amend Section 151.508 (Offsets) Tax Code, by requiring, rather than allowing, the Comptroller to offset an overpayment for one or more periods against an underpayment, penalty, and interest accrued on the underpayment for the same period(s).

The bill would take effect immediately upon enactment, assuming it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2025.

Methodology

Offsetting overpayments and underpayments from separate refund claims and audit assessments would result in significant reduction in net penalty and interest assessments.

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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