

BILL ANALYSIS

Senate Research Center

H.B. 590
By: Thompson (Patrick)
Finance
5/13/2011
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

H.B. 590 amends current law relating to amended sales tax reports and the reallocation of sales tax revenue.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter F, Chapter 321, Tax Code, by adding Section 321.510, as follows:

Sec. 321.510. REALLOCATION OF MUNICIPAL OR LOCAL GOVERNMENTAL ENTITY TAX REVENUE. (a) Defines, in this section, "local governmental entity."

(b) Provides that this section applies only if:

(1) the comptroller of public accounts (comptroller):

(A) reallocates local tax revenue from a municipality or local governmental entity to another municipality or local governmental entity; or

(B) refunds local tax revenue that was previously allocated to a municipality or local governmental entity; and

(2) the amount the comptroller reallocates or refunds is at least equal to the lesser of:

(A) \$200,000;

(B) an amount equal to 10 percent of the revenue received by the municipality or local governmental entity under this chapter during the calendar year preceding the calendar year in which the reallocation or refund is made; or

(C) an amount that increases or decreases the amount of revenue the municipality or local governmental entity receives under this chapter during a calendar month by more than 15 percent as compared to revenue received by the municipality or local governmental entity during the same month in any previous year.

(c) Authorizes a municipality or local governmental entity, subject to the criteria provided by this section, to request a review of all available sales tax returns and reports in the comptroller's possession filed by not more than five individual taxpayers doing business in the municipality or local governmental entity that are

included and identified by the municipality or local governmental entity from the information received from the comptroller under Section 321.3022 (Tax Information) and that relate to a reallocation or refund in an amount described by Subsection (b).

(d) Requires the comptroller to provide the returns and reports requested under Subsection (c) for review regardless of whether the information in the returns or reports is confidential under state law, including Sections 111.006 (Confidentiality of Information) and 151.027 (Confidentiality of Tax Information).

(e) Provides that the provision of confidential information to a municipality or local governmental entity under this section does not affect the confidential nature of the information in the returns or reports. Requires a municipality or local governmental entity to use the information only in a manner that maintains the confidential nature of the information and prohibits the municipality or local governmental agency from disclosing or releasing the information to the public.

(f) Requires a municipality or local governmental entity to submit the request under Subsection (c) not later than the 90th day after the date the municipality or local governmental entity discovers a reallocation or refund described by Subsection (b).

(g) Requires the comptroller, not earlier than the 30th day or later than the 90th day after the date the comptroller receives a request under Subsection (c), to provide the requested returns and reports to the requesting municipality or local governmental entity for review.

(h) Authorizes the comptroller to set and collect from a municipality or local governmental entity a reasonable fee to cover the expense of compiling and providing information under this section.

SECTION 2. Amends Section 322.108(a), Tax Code, to provide that, except as provided by Subsection (b), certain sections of the Tax Code apply to the taxes imposed by this chapter in the same manner as applicable to a municipality under Chapter 321 (Municipal Sales and Use Tax), including Section 321.510.

SECTION 3. Amends Subchapter F, Chapter 323, Tax Code, by adding Section 323.510, as follows:

Sec. 323.510. REALLOCATION OF COUNTY OR LOCAL GOVERNMENTAL ENTITY TAX REVENUE. (a) Defines, in this section, "local governmental entity."

(b) Provides that this section applies only if:

(1) the comptroller:

(A) reallocates local tax revenue from a county or local governmental entity to another county or local governmental entity; or

(B) refunds local tax revenue that was previously allocated to a county or local governmental entity; and

(2) the amount the comptroller reallocates or refunds is at least equal to the lesser of:

(A) \$200,000;

(B) an amount equal to 10 percent of the revenue received by the county or local governmental entity under this chapter during the calendar year preceding the calendar year in which the reallocation or refund is made; or

(C) an amount that increases or decreases the amount of revenue the county or local governmental entity receives under this chapter during a calendar month by more than 15 percent as compared to revenue received by the county or local governmental entity during the same month in any previous year.

(c) Authorizes a county or local governmental entity, subject to the criteria provided by this section, to request a review of all available sales tax returns and reports in the comptroller's possession filed by not more than five individual taxpayers doing business in the county or local governmental entity that are included and identified by the county or local governmental entity from the information received from the comptroller under Section 323.3022 and that relate to a reallocation or refund in an amount described by Subsection (b).

(d) Requires the comptroller to provide the returns and reports requested under Subsection (c) for review regardless of whether the information in the returns or reports is confidential under state law, including Sections 111.006 and 151.027.

(e) Provides that the provision of confidential information to a county or local governmental entity under this section does not affect the confidential nature of the information in the returns or reports. Requires a county or local governmental entity to use the information only in a manner that maintains the confidential nature of the information and prohibits the county or local governmental entity from disclosing or releasing the information to the public.

(f) Requires a county or local governmental entity to submit the request under Subsection (c) not later than the 90th day after the date the county or local governmental entity discovers a reallocation or refund described by Subsection (b).

(g) Requires the comptroller, not earlier than the 30th day or later than the 90th day after the date the comptroller receives a request under Subsection (c), to provide the requested returns and reports to the requesting county or local governmental entity for review.

(h) Authorizes the comptroller to set and collect from a county or local governmental entity a reasonable fee to cover the expense of compiling and providing information under this section.

SECTION 4. Effective date: September 1, 2011.