

BILL ANALYSIS

Senate Research Center
87R8201 RDS-F

H.B. 1258
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Finance
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Comptroller of Public Accounts of the State of Texas's (comptroller) office is tasked with enforcing the collection of state taxes. If a taxpayer fails to properly collect, report, and remit tax to the state, certain enforcement actions may be taken to collect past-due taxes. Following attempts to resolve a tax delinquency by mail, phone, or field visits, the agency may seek to freeze bank accounts associated with the taxpayer. If no bank account is known, the agency sends freeze requests to financial institutions in proximity to the taxpayer's location. This is a waste of agency resources and burdensome to financial institutions. For example, in fiscal year 2019 the agency issued over 67,000 freeze requests; the agency was successful in freezing accounts and levying delinquent taxes only 31 percent of the time.

H.B. 1258 seeks to streamline the process by which the comptroller's office issues freeze and levy requests by establishing a data matching system. The bill requires financial institutions to exchange data with the comptroller or its agent to facilitate the matching of delinquent taxpayer information with financial institution depositor records in an effort to identify accounts owned by delinquent taxpayers in a process that parallels the current process for collecting delinquent child support payments. The system will significantly increase efficiency by accurately targeting accounts and improve the use of agency resources for the enforcement and collection of delinquent taxes.

H.B. 1258 amends current law relating to data matching with financial institutions to facilitate the collection of certain delinquent tax liabilities.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Comptroller of Public Accounts of the State of Texas in SECTION 1 (Section 111.025, Tax Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter A, Chapter 111, Tax Code, by adding Section 111.025, as follows:

Sec. 111.025. DELINQUENT TAXPAYER FINANCIAL RECORDS. (a) Defines "account," "account owner record," "delinquent taxpayer," "financial institution," and "inquiry file."

(b) Requires a financial institution, each calendar quarter, to exchange data with the Comptroller of Public Accounts of the State of Texas (comptroller) or the comptroller's agent to facilitate matching the names of delinquent taxpayers with the names of account holders using one of the following methods:

(1) an all accounts method in which the financial institution submits to the comptroller or the comptroller's agent an electronic file listing all of the financial institution's open accounts and account owner records, and in which the comptroller or the comptroller's agent compares that information with the comptroller's records of delinquent taxpayers; or

(2) a matched accounts method in which the financial institution submits to the comptroller or the comptroller's agent an electronic file listing all account owner records that match information in an inquiry file.

(c) Requires the comptroller to make a data match request under Subsection (b) compatible with the data processing system of the financial institution.

(d) Prohibits the comptroller from requesting a financial institution to perform a data match under this section more than once each calendar quarter.

(e) Prohibits a financial institution from notifying account holders that the comptroller has requested a data match or whether a data match has been made.

(f) Provides that information provided by or to a financial institution, the comptroller, or the comptroller's agent for the purpose of performing a data match is confidential and is prohibited from being used for any purpose or disclosed to any person except as necessary to perform a data match. Requires the financial institution, the comptroller, and the comptroller's agent to return, destroy, or erase any information obtained after completion of the data match.

(g) Provides that a financial institution is not liable to any person for disclosing information to the comptroller under this section or for any other action that the financial institution takes in good faith to comply with this section.

(h) Authorizes the comptroller to contract with a third party to facilitate the implementation of this section. Authorizes a third-party contractor to use confidential information solely for the purpose of implementing this section.

(i) Requires that a suit to enforce this section be brought by the attorney general in the name of the state. Provides that venue for the suit is in Travis County.

(j) Authorizes the comptroller to adopt rules to implement this section.

SECTION 2. Effective date: September 1, 2021.