

## **BILL ANALYSIS**

C.S.H.B. 1729  
By: Murphy  
Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Concerns have been raised about the costs to the state regarding the discount rate provided for the prepayment of sales and use taxes. There have been calls to provide an alternative prepayment discount rate in order to maintain an attractive incentive to taxpayers while achieving returns for the state that are above market rates. C.S.H.B. 1729 seeks to address this issue by offering such an alternative prepayment discount rate to Texas businesses.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 1729 amends the Tax Code to change the amount that a taxpayer who prepays the taxpayer's tax liability, on the basis of a reasonable estimate of the tax liability for a quarter in which a prepayment is made, may deduct and withhold from an amount that is 1.25 percent of the amount of the prepayment to an amount that is the lesser of the following, as determined by the comptroller of public accounts under the bill's provisions:

- 1.25 percent of the amount of the prepayment; or
- an annually adjusted percentage of the amount of the prepayment that yields an annualized rate of return equal to the prime rate as published in The Wall Street Journal on the first business day of each calendar year, plus four percent.

C.S.H.B. 1729 requires the comptroller, not later than January 5 of each year, to determine the percentage of a taxpayer's prepayment that may be deducted and withheld and to publish that percentage on the comptroller's website. The bill requires the comptroller to make the initial determination not later than January 5, 2020. The bill makes the percentage so determined applicable to a deduction and withholding from a prepayment of tax liability that a taxpayer makes on or after January 15 of the year the comptroller makes the determination and before January 15 of the succeeding year. The bill's provisions apply to a prepayment of tax liability made on or after January 15, 2020.

### **EFFECTIVE DATE**

October 1, 2019.

**COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 1729 differs from the original in minor or nonsubstantive ways to make technical corrections.