

BILL ANALYSIS

C.S.H.B. 3443
By: Springer
Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Concerns have been raised about the fact that the rate at which taxpayers earn interest on a tax refund from the state is lower than the interest rate the state charges on delinquent taxes. C.S.H.B. 3443 seeks to provide equity and fairness for taxpayers by setting the interest rate for all state tax refunds granted for a report period due on or after September 1, 2025, at the same rate as interest charged on delinquent state taxes.

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. 3443 amends the Tax Code to revise the provisions providing for the rate of interest on a refund of a state tax from the comptroller of public accounts to set the interest rate granted for such a refund for a report period due on or after September 1, 2025, at the rate set for interest on a delinquent state tax. The bill establishes that a refund granted for a report due on or after September 1, 2021, but before September 1, 2023, accrues interest at the rate of the prime rate plus 0.5 percent. A refund granted for a period due on or after September 1, 2023, but before September 1, 2025, accrues interest at the rate of the prime rate plus 0.75 percent.

C.S.H.B. 3443 clarifies that a refund granted for a report period due before January 1, 2000, does not accrue interest and that, for a refund granted for a report due on or after January 1, 2000, but before September 1, 2021, interest accrues as follows:

- if the refund is claimed on or before September 1, 2005, at the rate set for interest on a delinquent state tax; and
- if the refund is claimed after September 1, 2005, at the rate that is the lesser of that rate set for a delinquent tax or the annual rate of interest earned on deposits in the state treasury during December of the previous calendar year, as determined by the comptroller.

EFFECTIVE DATE

September 1, 2019.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3443 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute changes the report period beginning with which a granted tax refund accrues interest at the rate set for interest on a delinquent state tax from a report period due on or after September 1, 2019, to a report period due on or after September 1, 2025.

The substitute includes a provision establishing interest rates for refunds granted for a report period due on or after September 1, 2021, but before September 1, 2023, and for refunds granted for a report period due on or after September 1, 2023, but before September 1, 2025.