

- SUBJECT:** Reporting certain delinquent sales tax information to municipalities
- COMMITTEE:** Ways and Means — committee substitute recommended
- VOTE:** 11 ayes — D. Bonnen, Y. Davis, Bohac, Button, Darby, Martinez Fischer, Murphy, Parker, Springer, C. Turner, Wray
- 0 nays
- WITNESSES:** For — Julie Masters and Julie Robinson, City of Dickinson; John Kroll, City of Humble; (*Registered, but did not testify:* TJ Patterson, City of Fort Worth; John Greytok, City of Stafford; Shanna Igo, Texas Municipal League)
- Against — None
- On — (*Registered, but did not testify:* Eric Stearns, Texas Comptroller of Public Accounts)
- BACKGROUND:** Municipalities rely on the comptroller to collect and administer the local sales tax. Current law requires the comptroller to report the amount of tax paid or not paid to the state but does not require the comptroller to report the amount paid to the municipality. Municipalities could use this additional information to increase enforcement of municipal sales taxes.
- DIGEST:** CSHB 1871 would require the comptroller to include certain information in its additional quarterly report to a municipality that requested one. Specifically, the comptroller would provide information about the amount of sales tax paid by a business that had not paid the full amount of sales tax to the municipality.
- If the municipality determined that the business had not fully collected or reported its municipal sales tax due to the municipality, it would report to the comptroller the name and address of the business. The comptroller would have 120 days, as opposed 90 days under current law, to respond as to whether the business was obligated to pay the delinquent taxes.

If the comptroller responded to such a report with a statement that the tax was delinquent, the comptroller would be required to include a description of the action the comptroller was taking to account for the tax due the municipality.

A municipality that provided the report described above to the comptroller would preserve its right to receive the municipal sales tax due from the business in question for the four years preceding the date the comptroller received the report and for each subsequent reporting period until the comptroller had fulfilled its duties under the bill.

The comptroller would be allowed to charge municipalities reasonable fees to cover the expense of compiling and providing information.

This bill would take effect September 1, 2015.

NOTES:

The Legislative Budget Board's fiscal note indicates that the bill would have a negative net impact of \$16.6 million to general revenue through fiscal 2016-17.