

SUBJECT: Allowing electronic notice of jeopardy or deficiency determinations

COMMITTEE: Ways and Means — favorable, without amendment

VOTE: 10 ayes — Meyer, Thierry, Button, Cole, Guerra, Martinez Fischer,  
Murphy, Noble, Rodriguez, Shine

0 nays

1 absent — Sanford

WITNESSES: For — Glenn Hamer, Texas Association of Business; (*Registered, but did not testify*: Dale Craymer, Texas Taxpayers and Research Association); James LeBas

Against — None

On — Karey Barton, Comptroller of Public Accounts

BACKGROUND: Tax Code sec. 111.008 authorizes the comptroller of public accounts, if the comptroller is not satisfied with a tax report or the amount of tax required to be paid to the state, to determine the amount to be paid from information contained in the tax report. The comptroller is required to give notice of this deficiency determination to the person against whom it is made by mail or by personal service.

Tac Code sec. 111.022 authorizes the comptroller, if the comptroller believes that a tax required to be paid to the state is jeopardized by delay, to issue a determination stating the amount and that the tax collection is in jeopardy. The jeopardy determination becomes final on the expiration of 20 days after the day on which the notice of determination was served by mail or by personal service unless a petition for a redetermination is filed before the determination becomes final.

DIGEST: HB 1658 would allow the comptroller of public accounts to notify a person by electronic means that a deficiency determination or jeopardy

determination had been made against that person. A notice by electronic means would have to be addressed to the person's email address as it appears in the comptroller's records and service would be complete when the comptroller transmitted the notice to that address.

The bill also would require that a notice of a jeopardy determination given by mail be addressed to the person to whom the notice was served at the person's address as it appeared in the comptroller's records. Service by mail would be complete when the notice was deposited in a U.S. Post Office.

The bill would take effect September 1, 2021.

**SUPPORTERS  
SAY:**

HB 1658 would improve communication between the comptroller's office and taxpayers by giving the comptroller the option to communicate notices of jeopardy or deficiency determinations through email. This change could increase agency and business efficiency while leaving other methods of communication unchanged for taxpayers who prefer those.

In response to the ongoing pandemic, the comptroller's office began to make various communications to taxpayers through e-mail. This proved to be an effective and popular method of communication. Despite taxpayer requests to extend this practice to notices of deficiency and jeopardy determinations, staff found that statute prohibited this. The bill would explicitly allow these notices to be made by email and would allow the comptroller's office to communicate through the taxpayer's preferred method. This could reduce the cost for the state of delivering notices through either mail or personal service and allow taxpayers to receive and act on notices more efficiently.

**CRITICS  
SAY:**

No concerns identified