

- SUBJECT:** Specifying tax info a business purchaser may request from comptroller
- COMMITTEE:** Ways and Means — favorable, without amendment
- VOTE:** 11 ayes — Meyer, Thierry, Button, Cole, Guerra, Martinez Fischer, Murphy, Noble, Rodriguez, Sanford, Shine
0 nays
- SENATE VOTE:** On final passage, March 30 — 31-0
- WITNESSES:** No public hearing.
- BACKGROUND:** Under Tax Code sec. 111.020, if a person who is liable to pay state taxes sells the business or stock of goods of the business or quits the business, the seller's successor or assignee must withhold an amount of the purchase price sufficient to pay the amount of taxes due. The amount must be withheld until the seller provides a receipt from the comptroller showing that the amount has been paid or a certificate stating that no amount is due.
- Under sec. 111.020(c), the purchaser of a business may request that the comptroller issue a certificate stating that no tax is due or issue a statement of the amount required to be paid before a certificate may be issued.
- Under sec. 111.006(a), unless otherwise authorized, specified information is confidential and may not be used publicly, opened to public inspection, or disclosed, including certain information submitted to or obtained by the comptroller.
- DIGEST:** SB 873 would specify that the purchaser of a business could request, on an affidavit or other form prescribed by the comptroller, that the comptroller issue a certificate stating that no tax was due or issue a statement of the amount required to be paid before a certificate could be issued.

The disclosure of this information would not be considered as confidential information under Tax Code sec. 111.006(a).

The bill would take effect September 1, 2021.

**SUPPORTERS
SAY:**

SB 873 would remove conflicting provisions in current law. Currently, when a person wants to purchase an existing business, the person may request a certificate from the comptroller stating that no taxes are due by the business they are purchasing. If taxes are due, the comptroller must issue a statement to the purchaser of the amount required to be paid before a certificate can be issued.

However, there is a conflict between this requirement and confidentiality protections in state law for taxpayer information, which prohibits the comptroller from sharing specific tax information, including outstanding sales tax liability. The bill would resolve this conflict by allowing the comptroller to disclose the taxes due to the purchaser of the business when requested by affidavit and would exclude that information from confidentiality protections.

**CRITICS
SAY:**

No concerns identified.

NOTES:

The House companion bill, HB 3060 by Button, was considered by the House Ways and Means Committee in a public hearing on March 29 and left pending.