

BILL ANALYSIS

Senate Research Center
87R2581 BEF-D

S.B. 778
By: Hinojosa
Finance
3/23/2021
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Senate Bill 778 allows for municipalities or other local governments to request the audit working papers from the Comptroller of Public Accounts of the State of Texas (comptroller) that show how tax refunds or reallocations were calculated. This need can arise when a city or other jurisdiction is paid sales tax, but then is required to remit some of those taxes back to the comptroller based on the comptroller's calculations of the refund due to the payor. When this occurs, the city or other jurisdiction does not have any right to review how the requested amount was calculated. SB 778 gives them that right.

As proposed, S.B. 778 amends current law relating to the review by local governmental entities of certain sales and use tax audit reports and audit working papers.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 321.510(c), (d), (e), and (g), Tax Code, as follows:

(c) Authorizes a municipality or local governmental entity, subject to the criteria provided by Section 321.510 (Reallocation of Municipal or Local Governmental Entity Tax Revenue), to request a review of all available sales tax returns, reports, audit reports, and audit working papers, rather than a review of all available sales tax returns and reports in the possession of the Comptroller of Public Accounts of the State of Texas (comptroller) filed by not more than five individual taxpayers doing business in the municipality or local governmental entity that are included and identified by the municipality or local governmental entity from the information received from the comptroller under Section 321.3022 (Tax Information) and that relate to a reallocation or refund in an amount described by Subsection (b) (relating to certain tax information provided by the comptroller to municipalities or other local governmental entities). Makes nonsubstantive changes.

(d) Makes conforming and nonsubstantive changes.

(e) Makes conforming and nonsubstantive changes.

(g) Makes conforming and nonsubstantive changes.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: upon passage or September 1, 2021.