

BILL ANALYSIS

Senate Research Center
87R3853 CJC-F

S.B. 833
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Finance
3/31/2021
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Texas only allows purchasers with a sales and use tax permit to file a refund claim for overpaid sales and use taxes directly with the Comptroller of Public Accounts of the State of Texas (comptroller). Non-permitted purchasers, on the other hand, must obtain a refund assignment from their vendors before they can seek a refund from the comptroller. This requirement was intended to limit the refund claim process to commercial taxpayers and discourage large volumes of immaterial refund claims from being filed with the comptroller (i.e., refunds on day-to-day purchases by individuals).

Oil and gas producers are registered with the comptroller to report and pay severance tax; however, many producers do not hold a sales tax permit because they do not make taxable sales. As such, they are generally required to obtain refund assignments from their vendors before they can file a refund claim with the comptroller. Because producers purchase a significant quantity of goods and services from a variety of vendors, and because assignment forms must be executed by a corporate officer for each vendor, the refund assignment requirement results in a cumbersome and inefficient process for all parties involved.

S.B. 833 would amend Chapter 151, Tax Code, to authorize certain oil and gas producers who already file severance tax returns, but who do not hold sales tax permits, to file refund claims for overpaid sales and use taxes directly with the comptroller.

As proposed, S.B. 833 amends current law relating to a sales tax refund for sales tax overpayments by certain oil or gas severance taxpayers.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Comptroller of Public Accounts of the State of Texas in SECTION 1 (Section 151.4305, Tax Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter I, Chapter 151, Tax Code, by adding Section 151.4305, as follows:

Sec. 151.4305. TAX REFUNDS FOR OIL OR GAS SEVERANCE TAXPAYERS. (a) Authorizes a person who files a report under Section 201.203 (Producer's Report), 201.2035 (First Purchaser's Report), 202.201 (Producer's Report), or 202.202 (First Purchaser's Report) and who does not hold a permit under Chapter 151 (Limited Sales, Excise, and Use Tax), notwithstanding Section 111.104(b) (relating to the authorization of certain persons to file tax refund claims), to obtain a refund for taxes paid under this chapter in error to a person who holds a permit under this chapter by filing a claim for refund with the Comptroller of Public Accounts of the State of Texas (comptroller) within the limitation period specified by Subchapter D (Limitations), Chapter 111 (Collection Procedures).

(b) Authorizes the comptroller by rule to provide additional procedures for claiming a refund under this section.

SECTION 2. Provides that the change in law made by this Act does not affect tax liability accruing before the effective date of this Act. Provides that liability continues in effect as if this Act had not been enacted, and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.

SECTION 3. Effective date: September 1, 2021.