

BILL ANALYSIS

C.S.H.B. 3111
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

According to interested parties, there is currently a disparity between the interest rate imposed on taxpayers for delinquent taxes that are not timely remitted and the rate paid to taxpayers for refunds of overpaid taxes, with the rate on delinquencies significantly higher than that for refunds. C.S.H.B. 3111 seeks to correct this disparity.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3111 amends the Tax Code to set the interest rate for a tax refund granted for a report period due on or after January 1, 2000, but before September 1, 2015, as follows: at the rate charged on delinquent taxes for a refund claimed on or before September 1, 2005, and, for a refund claimed after September 1, 2005, at the annual rate of interest earned on deposits in the state treasury during December of the previous calendar year, as determined by the comptroller of public accounts, if that rate is less than the rate charged on delinquent taxes. The bill sets the interest rate for a tax refund granted for a report period due on or after September 1, 2015, at the rate charged on delinquent taxes. The bill removes statutory language setting the rate for a tax refund otherwise claimed and granted at the annual rate of interest earned on deposits in the state treasury during December of the previous calendar year, as determined by the comptroller, if that rate is less than the rate charged on delinquent taxes. The bill clarifies, with regard to the statutory provision establishing that a tax refund for a report period due before January 1, 2000, does not accrue interest, that the refund must be granted for such a report period.

EFFECTIVE DATE

September 1, 2015.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3111 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Sections 111.064(a) and (c), Tax Code, are amended to read as follows:

(a) Except as otherwise provided by this section, for a refund under this chapter, interest is at the rate ~~[that is the lesser of the annual rate of interest earned on deposits in the state treasury during December of the previous calendar year, as determined by the comptroller, or the rate]~~ set in Section 111.060[;] and accrues on the amount found to be erroneously paid for a period:

(1) beginning on the later of 60 days after the date of payment or the due date of the tax report; and

(2) ending on, as determined by the comptroller, either the date of allowance of credit on account of the comptroller's final decision or audit or a date not more than 10 days before the date of the refund warrant.

(c) ~~For a refund claimed after [before] September 1, 2005, and before September 1, 2015, and~~ granted for a report period due on or after January 1, 2000, the rate of interest is the rate ~~that is the lesser of the annual rate of interest earned on deposits in the state treasury during December of the previous calendar year, as determined by the comptroller, or the rate~~ set in Section 111.060.

No equivalent provision.

SECTION 2. This Act takes effect September 1, 2015.

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Sections 111.064(a), (c), and (c-1), Tax Code, are amended to read as follows:

(a) Except as otherwise provided by this section, for a refund under this chapter granted for a report period due on or after September 1, 2015, interest is at the rate ~~[that is the lesser of the annual rate of interest earned on deposits in the state treasury during December of the previous calendar year, as determined by the comptroller, or the rate]~~ set in Section 111.060[;] and accrues on the amount found to be erroneously paid for a period:

(1) beginning on the later of 60 days after the date of payment or the due date of the tax report; and

(2) ending on, as determined by the comptroller, either the date of allowance of credit on account of the comptroller's final decision or audit or a date not more than 10 days before the date of the refund warrant.

(c) A ~~For a~~ refund under this chapter ~~[claimed before September 1, 2005, and]~~ granted for a report period due on or after January 1, 2000, but before September 1, 2015, accrues ~~[the rate of]~~ interest as follows:

(1) if the refund is claimed on or before September 1, 2005, at ~~[is]~~ the rate set in Section 111.060; and

(2) if the refund is claimed after September 1, 2005, at the rate that is the lesser of:

(A) the rate set in Section 111.060; or

(B) the annual rate of interest earned on deposits in the state treasury during December of the previous calendar year, as determined by the comptroller.

(c-1) A refund under this chapter granted ~~[-; without regard to the date claimed,]~~ for a report period due before January 1, 2000, does not accrue interest.

SECTION 2. Same as introduced version.