

## **BILL ANALYSIS**

Senate Research Center

H.B. 3154  
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Intergovernmental Relations  
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Engrossed

### **DIGEST AND PURPOSE**

Under current Texas law, the ability of cities to oversee local sales tax collections is restricted, and the information that the comptroller may provide to cities regarding sales tax collections is limited. A city may determine that a particular sales tax outlet is not reporting or collecting local sales taxes properly but might not know what impact a correction has had on its local sales tax collections. Thus, cities might not be able to project local sales tax revenues as precisely as needed to set budgets and perform long term planning or to determine whether efforts to assist with tax law compliance are effective. H.B. 3154 allows the comptroller only to provide confidential information to a city when a taxpayer is not reporting or collecting the tax as required by law. This bill also provides that such information is not a public record, and certain penalties exist for violating the confidentiality of a taxpayer.

### **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 Section 151.027, Tax Code, by amending Subsection (c) and adding Subsections (d) and (e), as follows:

- (c) Provides that this section does not prohibit certain acts, including the delivery of information to an eligible municipality in accordance with Section 321.3022 or 321.3023.
- (d) Prohibits an officer or employee of an eligible municipality, or an agent acting on behalf of that municipality, who obtains access to information in accordance with Section 321.3023, unless otherwise authorized by law, from performing certain acts.
- (e) Provides that a person who violates Subsection (d) commits an offense. Provides that an offense under this subsection is a Class A misdemeanor.

SECTION 2. Amends Subchapter D, Chapter 321, Tax Code, by adding Section 321.3023, as follows:

- Sec. 321.3023. INFORMATION ON CERTAIN TAXPAYERS. (a) Authorizes a municipality that has imposed a tax under this chapter to provide to the comptroller certain information.
- (b) Authorizes the comptroller, after investigating the information provided under Subsection (a), to provide to the municipality information relating to whether the seller failed to perform certain acts.
  - (c) Authorizes the municipality to request and the comptroller to provide information described by Subsection (b) for any tax reporting period that ended during the four-year period preceding the date on which the municipality requested the information.
  - (d) Provides that Sections 151.027(d) and (e) apply to an officer or employee of the

municipality or agent acting on behalf of the municipality who is authorized to examine information provided by the comptroller under this section.

(e) Requires the governing body of a municipality requesting the information, to receive information under Subsection (b), to certify certain information to the comptroller by resolution.

(f) Authorizes the comptroller, if the comptroller believes that information obtained by a municipality under Subsection (b) has been disclosed to a person not named in the municipality's resolution as authorized to examine the information or has been used for a purpose that does not comply with law, to follow certain guidelines.

SECTION 3. Effective date: upon passage or September 1, 2003.