

## **BILL ANALYSIS**

Senate Research Center

S.B. 1199  
By: Ogden  
Finance  
8/5/2009  
Enrolled

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Currently, when an organization qualified for a sales tax exemption first files for the exemption, it can seek a refund of the sales taxes paid for the prior four years if it would have been exempt had it filed for an exemption during that time. Local governments are charged back for the local sales taxes that are refunded to the taxpayer, which can prove costly to those governments that have expended the funds and not budgeted for the refund. The same is true if the Office of the Comptroller of Public Accounts (comptroller) audits a taxpayer and determines that the taxpayer was entitled to seek an exemption but failed to do so.

S.B. 1199 relates to refunds of and credits for certain sales and use taxes.

### **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 151.310, Tax Code, by adding Subsection (f), to provide that for purposes of obtaining a refund of or claiming a credit for taxes paid under this chapter on the basis of an exemption under this section, an organization is not considered exempted from the taxes imposed by this chapter before the earlier of the date the organization applied for the exemption with the Office of the Comptroller of Public Accounts (comptroller), or the date of assessment of the organization's tax liability by the comptroller as a result of an audit, as applicable.

SECTION 2. Amends Subchapter I, Chapter 151, Tax Code, by adding Section 151.4261, as follows:

Sec. 151.4261. CREDIT OR REIMBURSEMENT IN RETURN TRANSACTIONS.  
Entitles a seller to a credit or reimbursement equal to the amount of sales tax refunded to a purchaser when the purchaser receives a full or partial refund of the sales price of a returned taxable item.

SECTION 3. Makes application of this Act prospective.

SECTION 4. Effective date: September 1, 2009.