

BILL ANALYSIS

Senate Research Center
81R6756 KLA-D

S.B. 1199
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Finance
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As Filed

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.

As proposed, S.B. 1199 would prohibit the claiming of a refund for sales taxes previously paid by an organization for taxes paid before the earlier of the date the organization applied for an exemption with the comptroller or the date of the assessment of the organization's tax liability as the result of an audit by the comptroller.

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 Comptroller's Office 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. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2009.