

## **BILL ANALYSIS**

Senate Research Center  
87R3753 BEF-F

S.B. 296  
By: Perry  
Finance  
3/31/2021  
As Filed

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

#### Background

Current law requires a seller to provide resale and exemption certificates to the Comptroller of Public Accounts of the State of Texas (comptroller) in connection with a sales and use tax audit. Resale or exemption certificates are currently required to be in the possession of the seller at the time the nontaxable transaction occurs. If the seller is not in possession of these certificates within 60 days from the date written notice requiring possession of them is given to the seller by the comptroller, deductions claimed by the seller that require delivery of the certificates shall be disallowed.

#### Bill Summary

S.B. 296 amends Section 151.054, Tax Code, to allow a seller to deliver the certificates to the comptroller the date a district court enters a final judgment or final order. If the seller delivers the certificates to the comptroller before a district court enters a final judgment or final order, the comptroller may verify the reason or basis for exemption claimed in the certificates before allowing any deductions. A deduction may not be granted on the basis of certificates delivered to the comptroller after the district court enters a final judgment or final order.

As proposed, S.B. 296 amends current law relating to the date by which a seller must provide resale and exemption certificates to the comptroller in connection with a sales and use tax audit.

### **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 151.054(e), Tax Code, as follows:

(e) Requires that deductions claimed by the seller that require delivery of the certificates be disallowed if the seller is not in possession of properly completed resale or exemption certificates at or before the exit conference for a sales tax audit of the nontaxable transactions, rather than within 60 days from the date written notice requiring possession of them is given to the seller by the Comptroller of Public Accounts of the State of Texas (comptroller). Makes conforming changes.

SECTION 2. Amends Section 151.104(d), Tax Code, as follows:

(d) Requires that deductions claimed by the seller that require delivery of the certificates be disallowed if the seller is not in possession of properly completed resale or exemption certificates at or before the exit conference for a use tax audit of the nontaxable transactions, rather than within 60 days from the date written notice requiring possession of them is given to the seller by the comptroller. Makes conforming changes.

SECTION 3. Provides that Sections 151.054(e) and 151.104(d), Tax Code, as amended by this Act, apply to an audit of a seller's sales transactions that is pending on or commenced on or after the effective date of this Act.

SECTION 4. Effective date: upon passage or September 1, 2021.