

TEXNET State of Texas Financial Network

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Today 12 agencies collect more than 100 types of taxes and fees through the TEXNET System. More than \$40 billion flows through this system annually.

For more information, call the TEXNET Hotline toll-free at **(800) 531-5441, ext. 3-3010.**

Texas law requires taxpayers and other entities that paid \$500,000 or more in the previous state fiscal year in any one type of tax or fee to make their payments using electronic funds transfer (EFT). Additionally, some state agencies have reduced that amount by agency rule. TEXNET, the State of Texas Financial Network, was designed to facilitate electronic fund transfer payments from taxpayers.

Who Pays?

Two conditions must be met in order for a state agency to require participation in TEXNET for electronic funds transfer:

- The state agency to which payments are due must have collected more than \$50 million in revenue in the prior state fiscal year; and,
- An individual, partnership, corporation, school district, city, county, or other entity must have paid that agency at least the annual threshold amount in a single category of payments in the prior state fiscal year.

Annual Threshold

State law requires entities that paid \$500,000 or more during the previous state fiscal year (September 1 through August 31) to make those payments by electronic funds transfer. Participating state agencies may adopt rules to require that all payments be made electronically.

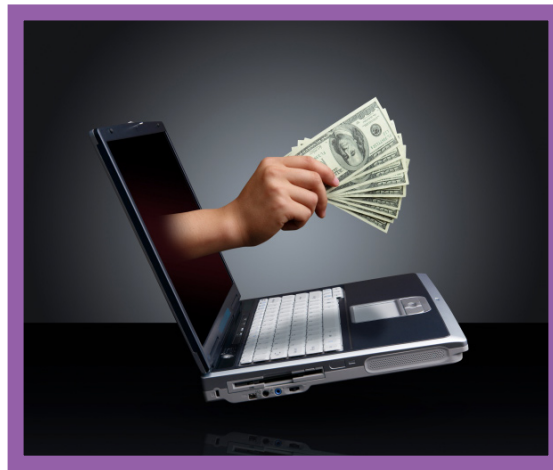
Any agency that decides to lower the payment threshold will first have to promulgate and publish rules, and then notify the payors who may be affected.

If you are in doubt about your eligibility for TEXNET or the threshold for your category of payments, please

contact the agency to which your payments are due.

Voluntary Payments

Any payor who does not meet the minimum threshold for a tax or fee can voluntarily make payments by electronic funds transfer. If you are interested in using TEXNET, please notify the agency to which funds are remitted.





TEXNET – State of Texas Financial Network

State Agencies

If your payments are made to any of these agencies, you may be required to use TEXNET:

- Comptroller of Public Accounts
- Employees Retirement System
- General Land Office
- Health and Human Services Commission
- Teacher Retirement System
- Texas Alcoholic Beverage Commission
- Texas Commission on Environmental Quality
- Texas Department of Public Safety
- Texas Department of State Health Services
- Texas Department of Transportation
- Texas Parks and Wildlife Department
- Texas Workforce Commission
- University of Texas System

Payment Options

There are two options for sending payments electronically:

- Automated Clearing House (ACH) Debit and
- ACH Credit with Addenda.

ACH Debit

Payors enter payment information into the TEXNET System no later than 6 p.m. Central Time (CT) on the business day before the payment due date. On the scheduled “settlement” (funds transfer) date, the payor’s designated bank account will be debited for the entered payment amount and the state will be credited.

The TEXNET System offers payors the option of entering a settlement date up to 30 days in the future. This “payment warehousing”

feature allows you to enter payment information at your convenience, without having the funds actually transfer until the designated date. If a future settlement date is chosen, you may still inquire, change, or even delete entered information, as long as it is done by 6 p.m. (CT) on the business day before the scheduled settlement date.

Payment information can be transmitted to the TEXNET System through the Internet or by using the key pad of a telephone.

After the required payment information has been entered, the TEXNET System will issue a trace number that uniquely identifies the completed communication.

The ACH Debit method is:

- Easy to use and
- Virtually error-free.

ACH Credit with Addenda

Payors originate ACH credits in either CCD+ or CTX format through their financial institution for settlement with the state on or before the payment due date. The payor must use the standard TXP format in the addenda record.

This payment option may be convenient for those payors who regularly originate ACH transactions. However, if the addenda record is improperly formatted or if it contains inaccurate information, the Comptroller may not be able to identify the agency to which the payment is due and/or the agency may not be able to identify the payor who is making the payment. Either situation could result in penalty assessments.

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Meeting ACH Payment Deadlines

Under any ACH payment option, “same day” settlement of an ACH transaction is not available.

If your due date falls on a weekend or holiday, you must originate your ACH transaction no later than the business day before the weekend or holiday.

If your due date falls on a Monday (or Tuesday, if Monday is a holiday), you must originate your payment no later than the Friday before in order to make a timely payment.

Penalties

If you neglect to transfer payments electronically as required, the agency to which your payments are due has the authority to charge you a penalty of 5% of the payment amount. In addition, if you do not follow the rules adopted by the Comptroller and outlined in this brochure, the agency has the authority to charge you a penalty of 5% of the payment amount for non-compliance.

If you would like a copy of the rules, please call the TEXNET hotline at (800) 531-5441, ext. 3-3010.

Late Payment/Proof of Payment

Determination of late payment, along with fines or interest, is made by the agency to which the payment is due. The agency may find you responsible for penalties or fines if circumstances within your control, or the control of your bank, delay payment beyond the due date.

In case a delayed payment occurs for which you do not believe you or your bank are responsible, you will be asked to furnish one of the following items as appropriate proof of your attempt to transfer funds:

- The trace number provided by the TEXNET System if you are using ACH debit.
- The ACH trace number assigned by your bank if you are using ACH credit with addenda.



Getting Started

If you are required to make payments through the TEXNET System, you will be notified by the agency that collects your funds. The notification will include a Payor Information Form that must be completed and returned by mail or fax to:

Texas Comptroller of Public Accounts
Treasury Operations
Cash Management Programs
P.O. Box 12608
Austin, Texas 78711-2608
FAX: (512) 463-1364

Upon receipt and processing of your Payor Information Form, you will be provided:

- Access codes and instructions for communicating with the TEXNET System if you have chosen the ACH debit option.
- TXP addenda record format for ACH credit with addenda transactions.
- Comptroller bank routing and account numbers for ACH credits.

If you are required to make payments through the TEXNET System, you will be notified by the agency that collects your funds.

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DEFINITIONS

Addenda Record –

An addenda record is sent with an ACH transaction and contains an 80 character “free-form” field for information required by the state to identify the payment. In electronic tax collection, the standardized addenda record format is known as the TXP.

Automated Clearing House (ACH) –

A central distribution and settlement point — in Texas, the Federal Reserve Bank in Dallas — for the electronic clearing of debits and credits between financial institutions. Every day, millions of transactions are moved through the ACH, with funds debited from or credited to the balances of participating financial institutions, which in turn post those transactions to their customer’s accounts.

Comptroller –

The Texas Comptroller of Public Accounts (“Comptroller”) is the state’s bank. All funds

received by state agencies are deposited with the Comptroller. With TEXNET, funds come directly to the Comptroller and the Comptroller notifies the appropriate agency.

Payment Information –

Generally includes your tax ID number, a tax or payment type code, the period the payment covers, and other information required by the agency. This information is necessary to ensure that the Comptroller gives credit for the payment to the correct agency and that the agency credits the appropriate payor.

Settlement –

Occurs when funds are actually transferred from your bank to the Comptroller.

Settlement Day –

The business day on which funds are transferred.

**For EFT information, call the TEXNET Hotline
toll-free at (800) 531-5441, ext. 3-3010.**

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For additional copies write:

**Texas Comptroller of Public Accounts • Treasury Operations • Cash Management Programs •
P.O. Box 12608 • Austin, Texas 78712-608**

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(512) 463-4600 in Austin
(512) 475-0900 (FAX).