

CHAPTER 2

S.B. No. 28

AN ACT

relating to the disposition of interest earned on certain accounts with the State Treasurer; amending Subsection (a), Section 8, Local Sales and Use Tax Act, as amended (Article 1066c, Vernon's Texas Civil Statutes); Subdivision (f), Subsection B, Section 11B, Chapter 141, Acts of the 63rd Legislature, Regular Session, 1973, as amended (Article 1118x, Vernon's Texas Civil Statutes); and Subdivision (5), Subsection (f), Section 16, Chapter 683, Acts of the 66th Legislature, Regular Session, 1979, as amended (Article 1118y, Vernon's Texas Civil Statutes); adding Subsection (e) to Section 26, Bingo Enabling Act, as amended (Article 179d, Vernon's Texas Civil Statutes); amending Subsection (c), Section 205.03, Alcoholic Beverage Code, as amended; and Section (d) of Article 4366e, Revised Statutes; and adding Subsection (c) to Section 3.051, Chapter 240, Acts of the 69th Legislature, Regular Session, 1985 (Article 4393-1, Vernon's Texas Civil Statutes).

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Subsection (a), Section 8, Local Sales and Use Tax Act, as amended (Article 1066c, Vernon's Texas Civil Statutes), is amended to read as follows:

“(a) Each city's share of all local sales and use tax collected under this Act by the Comptroller shall be transmitted to the Treasurer or the officer performing the functions of such office of such city by the Comptroller payable to the city periodically as promptly as feasible. Transmittals required under this Act shall be made at least twice in each State fiscal year. The funds so transmitted may be used by the city for any purpose for which the general funds of the city may be used. Before transmitting such funds, the Comptroller shall deduct two percent (2%) of the sum collected from each such city during such period as a charge by the State of Texas for its services specified in this Act, and the amounts so deducted, subject to the provisions of Section 7B of this Act, shall be deposited by the Comptroller in the State Treasury to the credit of the General Revenue Fund of the State. The Comptroller is authorized to retain in the suspense account of any city a portion of the city's share of the tax collected under this Act. Such balance so retained in the suspense account shall not exceed five percent (5%) of the amount remitted to the city. The Comptroller is authorized to make refunds from the suspense account of any city for overpayments made to such accounts, and to redeem dishonored checks and drafts deposited to the credit of the suspense accounts of such cities. When any city shall adopt the Local Sales and Use Tax, and shall thereafter abolish such tax, the Comptroller may retain in the suspense account of such city for a period of one year five percent (5%) of the final remittance to each such city at the time of termination of collection of such tax in such city to cover possible refunds for overpayment of the tax and to redeem dishonored checks and drafts deposited to the credit of such accounts. After one year

has elapsed after the effective date of abolition of such tax in such city, the Comptroller shall remit the balance in such account to the city and close the account. *Interest earned on all deposits made with the State Treasurer under Section 7 of this Act, including interest earned from the suspense accounts retained under this section, shall be credited to the General Revenue Fund.*"

SECTION 2. Subdivision (f), Subsection B, Section 11B, Chapter 141, Acts of the 63rd Legislature, Regular Session, 1973, as amended (Article 1118x, Vernon's Texas Civil Statutes), is amended to read as follows:

"(f) Each authority's share of all sales and use tax collected under this Act by the comptroller shall be transmitted to the treasurer or the officer performing the functions of such office of such authority by the comptroller payable to the authority periodically as promptly as feasible. Transmittals required under this Act shall be made at least twice in each state fiscal year. Before transmitting such funds, the comptroller shall deduct two percent of the sum collected from each such authority during such period as a charge by the state for its services specified in this Act, and the amounts so deducted shall be deposited by the comptroller in the State Treasury to the credit of the General Revenue Fund of the state. The comptroller is authorized to retain in the suspense account of any authority a portion of the authority's share of the tax collected under this Act. Such balance so retained in the suspense account shall not exceed five percent of the amount remitted to the authority. The comptroller is authorized to make refunds from the suspense account of any authority for overpayments made to such accounts and to redeem dishonored checks and drafts deposited to the credit of the suspense account of such authority. When any authority shall abolish such tax, the comptroller may retain in the suspense account of such authority for a period of one year five percent of the final remittance to each such authority at the time of termination of collection of such tax in such authority to cover possible refunds for overpayment of the tax and to redeem dishonored checks and drafts deposited to the credit of such accounts. After one year has elapsed after the effective date of abolition of such tax in such authority, the comptroller shall remit the balance in such accounts to the authority and close the account. *Interest earned on all deposits made with the State Treasurer under this Act, including interest earned from the suspense accounts retained under this section, shall be credited to the General Revenue Fund.*"

SECTION 3. Subdivision (5), Subsection (f), Section 16, Chapter 683, Acts of the 66th Legislature, Regular Session, 1979, as amended (Article 1118y, Vernon's Texas Civil Statutes), is amended to read as follows:

"(5) The authority's share of all sales and use tax collected under this Act by the comptroller shall be transmitted to the treasurer or the officer performing the functions of such office of such authority by the comptroller payable to the authority periodically as promptly as feasible. Transmittals required under this Act shall be made at least twice in each state fiscal year. Before transmitting such funds, the comptroller shall deduct two percent of the sum collected from the authority during such period as a charge by the state for its services specified in this Act, and the amounts so deducted shall be deposited by the comptroller in the State Treasury to the credit of the General Revenue Fund of the state. The comptroller is authorized to retain in the suspense account of an authority a portion of the authority's share of the tax collected under this Act. Such balance so retained in the suspense account shall not exceed five percent of the amount remitted to the authority. The comptroller is authorized to make refunds from the suspense account of an authority for overpayments made to such accounts and to redeem dishonored checks and drafts deposited to the credit of the suspense account of the authority. When an authority shall abolish such tax, the comptroller may retain in the suspense account of the authority for a period of one year five percent of the final remittance to the authority at the time of termination of collection of such tax in the authority to cover possible refunds for overpayment of the tax and to redeem dishonored checks and drafts deposited to the credit of such accounts. After one year has elapsed after the effective date of abolition of such tax in the authority, the comptroller shall remit the balance in such accounts to the authority and close the account. *Interest earned on all deposits made with the State Treasurer under this Act, including interest earned from the suspense accounts retained under this section, shall be credited to the General Revenue Fund.*"

SECTION 4. Section 26, Bingo Enabling Act, as amended (Article 179d, Vernon's Texas Civil Statutes), is amended by adding Subsection (e) to read as follows:

"(e) Interest earned on all taxes collected by the comptroller of public accounts under this Act before distribution to the local jurisdiction, including interest earned from the suspense accounts retained under this section, shall be credited to the General Revenue Fund."

SECTION 5. Subsection (c), Section 205.03, Alcoholic Beverage Code, as amended, is amended to read as follows:

"(c) As soon as possible after receipt of each quarterly report of the commission, the comptroller shall issue to each county a warrant drawn on the mixed beverage tax clearance fund in the amount of 12.5 percent of receipts from permittees within the county during the quarter and shall issue to each incorporated city or town a warrant drawn on that fund in the amount of 12.5 percent of receipts from permittees within the incorporated city or town during the quarter, as shown by the commission's report. The remainder of the receipts for the quarter and all interest earned on that fund shall be transferred to the general revenue fund."

SECTION 6. Section (d), Article 4366e, Revised Statutes, is amended to read as follows:

"(d) The comptroller shall transmit to each taxing unit's treasurer, or to the officer performing the functions of that office, as promptly as feasible the taxing unit's share of banking corporation franchise tax collected by the comptroller, together with the prorated share of any penalty or interest on delinquent taxes that may be collected. Before transmitting the funds, the comptroller shall deduct two percent of the amount allocated to each taxing unit during the period as a charge by the state for its services specified in this section. The amounts deducted shall be deposited by the comptroller in the state treasury to the credit of the comptroller's operating fund. The comptroller may retain in the local government corporate banking franchise tax fund a portion not to exceed five percent of each taxing unit's share of the banking corporation franchise tax. The comptroller may use this retained amount to make refunds of overpayments made to the fund and to redeem dishonored checks and drafts deposited to the credit of the fund. The legislature may appropriate money in the local government corporate banking franchise tax fund to the comptroller only for the purposes provided by this article. Interest earned on all deposits made with the state treasurer under this article shall be credited to the general revenue fund."

SECTION 7. Section 3.051, Chapter 240, Acts of the 69th Legislature, Regular Session, 1985 (Article 4393-1, Vernon's Texas Civil Statutes), is amended by adding Subsection (c) to read as follows:

"(c) Interest that has been and that will be accrued or earned from deposits made under Section 205.02, Alcoholic Beverage Code; Section 26, Bingo Enabling Act (Article 179d, Vernon's Texas Civil Statutes); Section (d), Article 4366e, Revised Statutes; Section 7 or Subsection (a), Section 8, Local Sales and Use Tax Act (Article 1066c, Vernon's Texas Civil Statutes); Paragraph (4), Subdivision (e) or Subdivision (f), Subsection B, Section 11B, Chapter 141, Acts of the 63rd Legislature, Regular Session, 1973 (Article 1118x, Vernon's Texas Civil Statutes); or Paragraph (D), Subdivision (4) or Subdivision (5), Subsection (f), Section 16, Chapter 683, Acts of the 66th Legislature, Regular Session, 1979 (Article 1118y, Vernon's Texas Civil Statutes), is state funds not subject to allocation or distribution to taxing units, cities, or transportation authorities under those laws."

SECTION 8. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force from and after its passage, and it is so enacted.

Passed the Senate on August 27, 1986, by the following vote: Yeas 27, Nays 0. Passed the House on September 2, 1986, by the following vote: Yeas 111, Nays 12, one present not voting.

Approved Sept. 7, 1986.
Effective Sept. 7, 1986.