



**GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS**

P.O.Box 13528 • Austin, TX 78711-3528

February 23, 2018

Ms. Tricia Jacks  
Treasurer  
Sabine County  
280 Main Street  
Hemphill, TX 75948

Dear Ms. Jacks:

This letter is to notify you that Sabine County has been overpaid a total of \$49,992.99 in local sales and use taxes. A direct pay taxpayer filed two refund claims (different time periods) for the over accrual of use tax on nontaxable items and services. These claims have been verified as a valid refunds based on exemptions allowed under local sales tax statutes and amounts reported by the taxpayer. Since the local tax has been refunded to the taxpayer, it must now be repaid to the State.

You are currently in a payback arrangement due to a previous overpayment with an outstanding balance of \$24,062.74 as of the February 2018 allocation and are paying \$830.00 per month through July 2020. This does not include the additional \$49,992.99 mentioned above.

The options to repay the additional amount of \$49,992.99 are as follows:

- ☐ 1) Full reimbursement by one time check \*
- ☐ 2) Apply all monthly collections to the overpaid amount until the amount has been repaid, or
- ☒ 3) Enter into an 88-month payback agreement where an additional monthly deduction of \$569.00 will be deducted for 87 months with a final deduction of \$489.99. Your previous arrangement will not be extended. This will be in addition to the \$830.00 we are currently deducting for the previous overpayment. The deduction would start the month after we receive your response or two months after the date of this letter if we do not receive a response. Additionally, future significant audit or onetime payments may be applied toward the repayment amount to reduce the length of the payback. Notifications of those applications will be sent as they occur.

Please mark an X in the applicable box above for the option you wish to choose, have a county official sign at the bottom, and return this letter using the enclosed self- addressed envelope.

If you have any questions or need additional information, you may call me toll free at (800) 531-5441, ext. 50550. My mailing address is PO Box 13528, Austin, TX, 78711, the FAX number is (512) 475-1523 or my email is shirley.kaatz@cpa.state.tx.us.

Sincerely,

*Shirley Kaatz*  
Shirley Kaatz  
Revenue Accounting Division  
Tax Allocation Section

Date March 26, 2018  
County Official Name Darryl Melton  
Title Sabine County Judge  
Signature [Signature]

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FW: sales tax refund....Sabine County

From: Dawn Glover

Sent: Tue, Mar 20, 2018 at 2:50 pm

To: daryl.melton@co.sabine.tx.us

This is what I got from Comptroller's staff.

Dawn Glover

District Coordinator

Senator Robert L. Nichols

Phone 936-699-4988

Fax 936-699-4991

From:

Sent: Tuesday, March 20, 2018 1:24 PM

To: Dawn Glover

Subject: RE: sales tax refund....Sabine County

Dawn,

I was able to get some additional information for you on this specific situation and what can be done to help mitigate the impact to Sabine County.

The refund amounts for the two audit periods that Shirley identified are final and the county is obligated to repay the funds to the state. The refund is a result of tax paid on exempt manufacturing equipment purchased by the taxpayer. The age of the audits is due to the taxpayer and our audit division entering into a series of statute waiver extension agreements to give the auditor time to conduct the audit and give the taxpayer time to provide documentation. Once the audits were complete, the taxpayer disagreed with the refund amount and requested a redetermination.

Our typical practice is to structure a payback plan based on the amount of time covered by the audit; the two audits in this case covered a period of 88 months. Under this agreement the monthly payback amount would be \$569.00 over 87 months with a final payment of \$489.99. Sabine County is currently in a prior payment agreement at \$830.00 per month. The two payments together would equal \$1,399 per month, which is about 5.6% of the county's average monthly sales tax allocation.

There are a couple of options that the county has to help mitigate the impact of this new refund requirement. The first option would be to double the length of the payback agreement to 176 months. This would reduce the additional payment to \$284.50 per month. We can also allow the county to defer the state of the new payments until the start of their next fiscal year, that way the payments can be built into their upcoming budget.

I believe these options have been discussed with the Sabine County. These types of refunds are not uncommon, but we certainly understand that it may strain the finances of the local jurisdiction imposing the tax. Please let me know if there is any additional information you need or if I can be helpful in some other way.

Best,

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