

BILL ANALYSIS

Senate Research Center

H.B. 2858
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Intergovernmental Relations
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Engrossed

DIGEST

In 1987, the legislature enacted legislation allowing taxing entities the authority to repeal the application of the sales tax exemption for telecommunication services, thereby expanding the sales tax base. Currently, five state-authorized transit authorities have repealed the exemption and are collecting a sales tax on telecommunications services. Examples of telecommunications services subject to the sales tax exemption include basic local exchange service, installation and service connection fees, intrastate long-distance service paging, and facsimile services and mobile telephone services. H.B. 2858 would amend Section 322.109, Tax Code, to specify that taxing authorities governed by appointed boards be required to submit any plan to increase taxes for approval by the appointing elected body or to the voters.

PURPOSE

As proposed, H.B. 2858 establishes provisions regarding the authority of certain taxing entities to repeal the local sales and use tax exemption for telecommunications services.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 322.019, Tax Code, by amending Subsection (b), adding a new Subsection (d), and redesignating existing Subsection (d) as (e), to prohibit the governing board of a taxing entity created under Chapter 451, Transportation Code from repealing the application of the exemption provided by Subsection (a) unless the repeal is first approved by a majority of the members of the governing body of each municipality that created the taxing entity. Provides that a reinstatement of the exemption must be approved in the same manner. Makes conforming changes.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Emergency clause.
Effective date: upon passage.