

BILL ANALYSIS

Senate Research Center
76R12866 CBH-D

S.B. 1876
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Intergovernmental Relations
4/26/1999
As Filed

DIGEST

Currently, the Sam Rayburn Municipal Power Agency that serves the cities of Jasper, Livingston, and Liberty has incurred a great amount of debt and requires additional tax revenue to remain solvent. However, the cities have reach their sales tax ceiling and cannot not retire the debt through raising taxes because the state prohibits raising local sales taxes above a certain level. Permitting the cities to raise taxes by a one-half cent sales tax to pay off bonded indebtedness would permit the agency to be relived of certain debt. The tax would have to be approved by voters in all three cities and last for a period not to exceed 10 years. S.B. 1876 would authorize certain cities in the Sam Rayburn Municipal Power agency to impose a one-half cent sales tax.

PURPOSE

As proposed, S.B. 1876 authorizes certain municipalities to impose a sales and use tax to retire the debt of a municipal power agency created by the municipalities.

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 Chapter 163D, Utilities Code, by adding Section 163.103, as follows:

Sec. 163.103. **AUTHORITY TO IMPOSE SALES AND USE TAX.** Provides that Chapter 321, Tax Code, applies to the tax authorized by this section in the same manner as that chapter applies to the tax authorized by that chapter, however Section 321.101(f), Tax Code, does not apply to the tax authorized by this section. Authorizes certain municipalities to adopt or abolish the sales and use tax authorized by this section at an election held in the municipality. Establishes that the tax rate is one-half percent. Provides for the effective date of the adoption or abolition of the tax. Authorizes the effective date to be extended by the comptroller, if the comptroller does not have an opportunity to take the required action for the tax collection or tax abolishment. Provides that an election to adopt or abolish the tax is called by the adoption of an order by the governing body of the municipality. Requires the governing body to call an election if a certain number of voters petition the body to call the election. Sets forth required language for a ballot to adopt the tax or to abolish the tax. Authorizes the revenue collected only to be used to retire certain debt of the municipal power agency. Requires the municipality to share a certain amount of the debt, if the municipal power agency has not determined a municipality's share of the bonded indebtedness by a certain date. Prohibits a sales and use tax from being collected after certain dates. Requires the municipality to notify the comptroller of the expiration of the tax by a certain date.

SECTION 2. Effective date: September 1, 1999.

SECTION 3. Emergency clause.