

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 769
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Intergovernmental Relations
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Committee Report (Substituted)

DIGEST

Currently, a metropolitan transit system cannot increase sales taxes, when a city in its region enacts a sales tax reaching the maximum allowed under state law. Under the 75th Legislature, H.B. 92 allowed the use of sales taxes for purposes other than transportation, such as arenas and crime control districts. Balcones Heights is located in the VIA Metropolitan Transit Authority region in San Antonio, and blocked VIA from increasing tax rates. C.S.S.B. 769 would authorize an election to create an advanced transportation district, and would increase the advanced transportation sales tax one-half of one percent.

PURPOSE

As proposed, C.S.S.B. 769 creates an advanced transportation district; and authorizes the imposition of a local sales and use tax for advanced transportation.

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 451, Transportation Code, by adding Subchapter O, as follows:

SUBCHAPTER O. ADVANCED TRANSPORTATION DISTRICT

Sec. 451.701. DEFINITIONS. Defines “advanced transportation,” “district,” and “participating unit.”

Sec. 451.702. ELECTION AUTHORIZED. Authorizes the board of a rapid transit authority (authority) in which the sales and use tax is imposed at a rate of one-half of one percent and in which the principal municipality has a population of more than 700,000 to order an election to create an advanced transportation district (district) within the authority’s boundaries and to impose a sales and use tax for advanced transportation under this subchapter. Provides that the rate of the sales and use tax for advanced transportation is one-fourth of one percent. Requires the board to provide written notice of the board’s intention to call an election under Subsection (a) to the governing body of each municipality and the commissioners court of each county any part of which is in the authority at least 120 days before the date of the proposed election. Requires the authority to pay the costs of an election ordered by the board under this section. Sets forth standard language for the ballot to permit voting for or against the proposition. Requires the proceeds of the sales and use tax imposed under this section to be used by the district only for advanced transportation purposes.

Sec. 451.703. CONDUCT OF INITIAL ELECTION: SEPARATE RESULT. Requires the election to be conducted so that the votes are separately tabulated and canvassed and the result is declared in each unit of election in the authority in each municipality within the authority, and in the unincorporated area of a county in the authority.

Sec. 451.704. RESULTS OF ELECTION; ORDER. Provides that the district is created and includes certain areas, if a majority of the rates are in favor of the proposition. Requires the board to record the results in its minutes and adopt certain orders. Requires the orders to be accompanied with a map of the district that shows the boundaries of the district. Requires a copy of the order and map to be filed with the Texas Department of Transportation (TxDOT), the

comptroller, and in the deed records of each county in which the district is located.

Sec. 451.705. SUBSEQUENT ELECTIONS. Authorizes the governing body of the municipality to order an election in the municipality at a later date on the question of joining the district, if the voters do not vote to join the district at the initial election under Section 451.702. Authorizes the commissioners court of the county to order an election in the county at a later date on the question of joining the district, if the voters of the unincorporated of a county do not vote to join the district at the initial election under Section 451.702. Requires an election ordered under this section to be held in the same manner as the initial election, except that the governmental entity ordering the election shall pay the costs of the election, and the governing body of that entity shall canvass the vote, declare the results, and notify the district of the results of the election.

Sec. 451.706. LIMITATION ON TAX RATE. Prohibits the combined rates of all sales and use taxes imposed by the district and all other political subdivisions of the state from exceeding two percent in any location in the district. Provides that the election of a participating unit to join the district repeals all other local sales and use taxes in that unit, except for the sales and use tax of the authority, and a sales and use tax of no more than one percent imposed by a municipality under Section 321.101(a) or 321.103(a), Tax Code, if after an election held under this subchapter the imposition of the district's tax in a participating unit would exceed the limit imposed under Subsection (a). Requires the sales and use tax authorized by this subchapter and the repeal of any other local sales and use taxes under this section to take effect on the first day of the second calendar quarter beginning after the date the comptroller receives a copy of the order canvassing the results of the election.

Sec. 451.707. GOVERNANCE OF DISTRICT. Requires the board to act as the governing body of the district and to be responsible for the management, operation, and control of the district. Requires the business of the district to be conducted by its governing body and by the employees of the authority acting under the control and direction of the general manager of the authority. Authorizes the district to enter into contracts with the authority or other private or public entities to conduct the business of the district. Provides that the district has the same powers of the authority that called the election creating the district as provided by Subchapters B, C, F, H, I, and K, except as otherwise provided by this subchapter.

Sec. 451.708. DISTRICT ASSETS ANE RECORDKEEPING. Requires an asset of the district to be held in the name of the authority. Requires the authority to keep separate books and accounting records for the funds, revenues, expenses, and other property of the district.

Sec. 451.709. NATURE OF DISTRICT. Provides that the district is a governmental unit under Chapter 101, Civil Practice and Remedies Code, and the operations of the district are not proprietary functions for any purpose, including the application of Chapter 101, Civil Practice and Remedies Code.

Sec. 451.710. ANNEXATION OF TERRITORY BY MUNICIPALITY. Provides that territory that is not in the district becomes part of the district, on annexation by a municipality that is in the district.

SECTION 2. Emergency clause.

Effective date: upon passage.

SUMMARY OF COMMITTEE CHANGES

Relating clause.

Amends the relating clause as follows: relating to the creation of an advanced transportation district and authorizing the imposition of a local sales and use tax for advanced transportation.

SECTION 1.

Redesignates Section 451.702 as Section 451.701, Transportation Code, to define “district.” Redefines “participating unit.” Deletes definitions of “advanced transportation district” and “local development.” Deletes proposed Section 451.701, regarding application of the subchapter.

Adds Section 451.702, Transportation Code, regarding authorized elections.

Redesignates Section 451.704 as Section 451.703. Deletes text regarding canvassing of votes and creation of advanced transportation district. Deletes proposed Section 451.703 regarding creation of advanced transportation district.

Adds Section 451.704, Transportation Code, regarding results of an election, and adopting an order.

Adds Subsections 451.705 (b) and (c), Transportation Code, to authorize the commissioners court of the county to order an election in the county at a later date on the question of joining the district. Requires an election ordered under this section to be held in the same manner as the initial election.

Amends Section 451.706, Transportation Code, to add a new heading regarding limitation on tax rate. Makes conforming changes.

Amends Section 451.707, Transportation Code, to add a new heading regarding governance of a district. Makes conforming changes.

Adds Section 451.708, Transportation Code, regarding district assets and recordkeeping.

Adds Section 451.710, Transportation Code, regarding annexation of territory by municipality.

SECTION 2.

Replaces the effective date of September 1, 1999 with upon passage.