BILL ANALYSIS

Senate Research Center
77R4329 CBH-D

H.B. 1390
By: Najera (Shapleigh)
Business & Commerce
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Engrossed

DIGEST AND PURPOSE

In 1989, to encourage business development, the legislature modified the Development Corporation Act of 1979 to authorize cities in counties with a population of 500,000 or fewer to adopt up to a one-half percent sales tax on local retail sales to support local economic development projects. The following session, the legislature again modified the Act to authorize cities in counties with a population of 750,000 or more to assess the same one-half percent sales tax. Counties with a population between 500,000 and 750,000, currently El Paso, Hildago, and Travis, are prevented from utilizing this economic development tool. H.B. 1390 lowers the population requirement for an "eligible city" where the combined rate of sales and use taxes does not exceed 8.25 percent to include a city located in a county with a population of 500,000 or more.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends 4B(a)(1), Development Corporation Act of 1979 (Article 5190.6, V.T.C.S.) to Provide that "Eligible City" means a city that is located in a county with a population of 500,000 rather than 750,000 or more, according to the most recent federal decennial census and in which the combined rate of all sales and use taxes imposed by the city, the state, and other political subdivisions of the state having territory in the city does not exceed 8.25 percent on the date of any election held under or made applicable to this section. Redignates paragraph (D) as paragraph (C) and deletes provision that paragraph (C) of this subdivision expires September 1, 1999.

SECTION 2. Effective date: upon passage or September 1, 2001.