

BILL ANALYSIS

Senate Research Center

H.B. 445
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Intergovernmental Relations
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Engrossed

DIGEST AND PURPOSE

Many city streets have deteriorated due to a lack of funds for repairs and maintenance. As proposed, H.B. 445 allows a municipality to adopt a sales and use tax for the maintenance and repair of municipal streets, contingent on approval of the voters.

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 Title 3C, Tax Code, by adding Chapter 327, as follows:

CHAPTER 327. MUNICIPAL SALES AND USE TAX FOR STREET MAINTENANCE

Sec. 327.001. DEFINITION. Defines “municipal street.”

Sec. 327.002. MUNICIPAL SALES AND USE TAX ACT APPLICABLE. Provides that Chapter 321 applies to the tax authorized by this chapter in the same manner authorized by that chapter except to the extent that a provision of this chapter applies.

Sec. 327.003. TAX AUTHORIZED. (a) Authorizes a municipality to adopt the sales and use tax authorized by this chapter at an election held in the municipality.

(b) Prohibits a municipality from adopting a tax under this chapter if as a result of the adoption of the tax the combined rate of all sales and use taxes imposed by the municipality and other political subdivisions of this state having territory in the municipality would exceed two percent at any location in the municipality.

(c) Provides that an election to adopt a sales and use tax under this chapter has no effect if the election occurs on the same date on which another political subdivision adopts a sales and use tax or increases the rate of its sales and use tax and the two elections result in a combined rate of sales and use tax that exceeds two percent at any location in the municipality.

Sec. 327.004. TAX RATE. Provides that the rate of tax authorized by this chapter is one-fourth of one percent.

Sec. 327.005. SALES AND USE TAX EFFECTIVE DATE. (a) Sets forth the date on which the adoption of the tax takes effect.

(b) Authorizes the comptroller to extend the effective date of the tax until a certain date if the comptroller determines that the effective date under Subsection (a) will occur

before the comptroller can reasonably take the action required to begin collecting the tax.

Sec. 327.006. ELECTION PROCEDURE. (a) Provides that an election to adopt the tax authorized by this chapter is called by the adoption of an ordinance by the governing body of the municipality.

(b) Sets forth the wording of a ballot for an election to adopt the tax.

Sec. 327.007. EXPIRATION OF TAX. (a) Sets forth the expiration date of a sales and use tax authorized by this chapter.

(b) Prohibits the municipality from calling an election on the question of authorizing a new tax under this chapter before the first anniversary of the date on which the previous tax expired.

(c) Requires the municipality to notify the comptroller of the scheduled expiration. Authorizes the comptroller to delay the scheduled expiration date if more time is required. Requires the comptroller to provide a new expiration date that is not later than a certain date.

Sec. 327.008. USE OF TAX REVENUE. Limits the use of revenue from a tax imposed under this chapter to maintaining and repairing municipal streets existing on the date of the election to adopt the tax.

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