

## **BILL ANALYSIS**

Senate Research Center  
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C.S.S.B. 792  
By: Nelson  
Finance  
3/31/2009  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

In November 2007, voters in Flower Mound approved the establishment of a crime control district and a fire control district with each levying a quarter cent sales tax. The comptroller of public accounts (comptroller) has since indicated a lack of statutory authority to collect the associated taxes for residential gas and electric services. Currently, 46 cities in Texas are located in crime control or fire control districts, and of those, 37 have imposed or are eligible to impose a sales tax on residential gas and electric services.

C.S.S.B. 792 provides that, in cities where sales taxes are already assessed on residential electric or gas services, that levy also applies to a crime control and prevention district or a fire control, prevention, and emergency medical services district.

### **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 Subchapter B, Chapter 321, Tax Code, by adding Section 321.1055, as follows:

Sec. 321.1055. IMPOSITION OF FIRE CONTROL OR CRIME CONTROL DISTRICT TAX ON THE RESIDENTIAL USE OF GAS AND ELECTRICITY. (a) Provides that this section applies to a fire control, prevention, and emergency medical services district or crime control and prevention district located in all or part of a municipality that imposes a tax on the residential use of gas and electricity under Section 321.105 (Residential Use of Gas and Electricity).

(b) Authorizes the board of directors (board) of a district to which this section applies, by order or resolution adopted in a public hearing by a vote of a majority of the membership of the board and recorded in the districts minutes, to:

(1) impose a tax adopted under Section 321.106 (Fire Control District Tax) or 321.108 (Municipal Crime Control and Prevention District Tax), as applicable, on receipts from the sale, production, distribution, lease, or rental of, and the use, storage, or other consumption within the district of gas and electricity for residential use;

(2) exempt from taxation the items described by Subdivision (1); or

(3) reimpose the tax under Subdivision (1).

(c) Requires a district that adopts an order or resolution under Subsection (b) to send a copy of the order or resolution to the comptroller of public accounts (comptroller) by United States certified or registered mail; send a copy of the order or resolution and a copy of the district's boundaries to each gas and electric company whose customers are subject to the tax by United States certified or registered mail; and publish notice of the order or resolution in a newspaper of general circulation in the district.

(d) Provides that if the residential use of gas and electricity ceases to be taxable in the municipality in which a district is located, then the residential use of gas and electricity is not taxable by the district.

(e) Provides that the provisions of Sections 321.201 (Computation of Sales Tax) and 321.204 (Computation of Use Tax) that govern the computation of municipal taxes on gas and electricity for residential use apply to the computation of district taxes on gas and electricity for residential use under this section.

SECTION 2. Amends Section 321.3022(b), Tax Code, to require the comptroller, on request, to provide to a municipality that has adopted a tax under this chapter information relating to the amount of tax paid to the municipality under this chapter during the preceding or current calendar year by each person doing business in an area, as defined by the municipality that is part of certain agreements, zones, or a crime control and prevention district, or a fire control, prevention, and emergency medical services district, among others. Makes nonsubstantive changes.

SECTION 3. Effective date: upon passage or September 1, 2009.