

BILL ANALYSIS

Senate Research Center
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S.B. 1088
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Finance
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Most retail businesses located on the Fort Bliss United States Army post in El Paso have been collecting sales tax at the rate of 8.25 percent, a rate comprising the state sales tax rate of 6.25 percent and a local sales tax rate of two percent. One percent of the local sales tax rate is for El Paso County and one percent is for the City of El Paso.

When the City of El Paso created a transportation reinvestment zone under state law, it was discovered that Fort Bliss was not within the city limits, even though the city surrounds the base. While it is not uncommon to find situations in Texas where larger municipalities have grown around smaller municipalities, this case is unusual because it involves a military base. The comptroller of public accounts subsequently reevaluated the sales tax permits held by retailers located on Fort Bliss and instructed the retailers to collect the state sales tax and the local sales tax only for El Paso County.

S.B. 1088 would allow the retailers to resume collecting the local sales tax for the City of El Paso.

As proposed, S.B. 1088 amends current law relating to the imposition by certain municipalities and municipal transit departments of the local sales and use tax in certain federal military installations.

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 321.1045, as follows:

Sec. 321.1045. IMPOSITION OF SALES AND USE TAX IN CERTAIN FEDERAL MILITARY INSTALLATIONS. (a) Provides that this section applies only to a municipality with a population of more than 500,000 that borders the United Mexican States.

(b) Provides that for purposes of the sales and use tax imposed under this chapter, a reference in this chapter or other law to the municipality as the territory in which the tax or an incident of the tax applies includes the area within the boundaries of a federal military installation that is located in the municipality's extraterritorial jurisdiction.

SECTION 2. Amends Section 322.002(2), Tax Code, to redefine "entity area."

SECTION 3. Effective date: September 1, 2011.