

BILL ANALYSIS

Senate Research Center
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H.B. 2853
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Finance
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Under current law, in most municipalities where the voters have previously authorized a street maintenance sales tax, a reauthorization election must occur every four years. These elections cost money and, moreover, the brevity of the authorization period at four years greatly limits a city's ability to bond against the revenue stream. In addition, current law does not authorize the funds from the tax to be spent on sidewalks.

The purpose of H.B. 2853 is to provide certain large cities with the option of putting an eight year authorization period on the ballot. These are cities with a population of more than 150,000, intersected by two interstate highways, where the street maintenance sales tax has been approved by the voters at a general election twice before and by at least 66 percent of the voters each time.

It is worth noting that the longer authorization period is optional. A city council could still elect to put a four-year authorization period on the ballot. An eight-year authorization period could reduce the number of elections the city is required to order and could potentially save taxpayer money. In addition, it will increase the ability of the city to bond against the revenue.

The bill also allows for the revenue from the tax to be used to maintain or repair sidewalks.

H.B. 2853 amends current law relating to the municipal sales and use tax for street maintenance.

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 Sections 327.007(a) and (b), Tax Code, as follows:

(a) Provides that, unless imposition of the sales and use tax authorized by this chapter is reauthorized as provided by this section, the tax expires on:

(1) the fourth anniversary of the date the tax originally took effect under Section 327.005 (Sales and Use Tax Effective Date);

(2) the first day of the first calendar quarter occurring after the fourth anniversary of the date the tax was last reauthorized under this section if, at that election, the voters approved the imposition of the tax for a period that expires on that anniversary;

(2-a) if the tax is imposed in a municipality that is intersected by two interstate highways, that has a population of 150,000 or more, and in which at least 66 percent of the voters voting in each of the last two consecutive elections concerning the adoption or reauthorization of the tax favored adoption or reauthorization, and that tax has not expired as provided by Subdivision (1) or (2) since the first of those two consecutive elections, the last day of the first calendar quarter occurring after the eighth anniversary of the date the tax was last

reauthorized under this section if, at that election, the voters approved the imposition of the tax for a period that expires on that anniversary instead of the period described by Subdivision (2); or

(3) Makes no change to this subdivision.

(b) Amends required ballot language to provide that the local sales and use tax may expire on the fourth, eighth, or 10th anniversary of the date of an election unless the imposition of the tax is reauthorized.

SECTION 2. Amends Section 327.008, Tax Code, as follows:

Sec. 327.008. USE OF TAX REVENUE. Authorizes revenue from the tax imposed under this chapter to be used only to maintain and repair municipal streets or sidewalks existing on the date of the election to adopt the tax.

SECTION 3. Effective date: upon passage or September 1, 2015.