

BILL ANALYSIS

Senate Research Center

H.B. 3045
By: Dale (Schwertner)
Finance
7/14/2017
Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current law allows for an election to reduce the Type A economic development corporation sales tax imposed by a municipality, but there is no such parallel provision allowing for the reduction of the Type B sales tax. The only option currently available in law is a complete repeal of the Type B sales tax. H.B. 3045 allows for the same reduction of Type B sales tax as is permitted for Type A, upon voter approval.

H.B. 3045 amends current law relating to an election to reduce or increase the sales and use tax rate imposed by a municipality for the benefit of a Type B development corporation.

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 F, Chapter 505, Local Government Code, by adding Section 505.2566, as follows:

Sec. 505.2566. ELECTION TO REDUCE OR INCREASE TAX RATE. (a) Authorizes an authorizing municipality that has imposed a sales and use tax under this chapter (Type B Corporations), in the same manner and by the same procedure as the municipality imposed the tax, to reduce or increase the tax rate by a majority of the voters of the municipality voting at an election held for that purpose.

(b) Requires the governing body of the municipality, on petition of 10 percent or more of the registered voters of the authorizing municipality requesting an election to reduce or increase the tax rate under this chapter, to order an election on the issue.

(c) Authorizes the tax rate to be reduced or increased to any rate that is an increment of one-eighth of one percent, that the authorizing municipality determines is appropriate, and that would not result in a combined rate that exceeds the maximum combined rate prescribed by Section 505.256(a) (relating to prohibiting an authorizing municipality from adopting a certain rate under this chapter exceeding two percent).

SECTION 2. Effective date: upon passage or September 1, 2017.