

Changing tax rate requirements for county assistance districts

HB 2182 by Reynolds (Miles)

DIGEST: HB 2182, for the purpose of determining a combined sales tax rate, would have excluded from the territory of a county assistance district both rights-of-way and any area with a county facility and with no business to which a sales tax permit had been issued.

GOVERNOR'S REASON FOR VETO: "House Bill 2182 could be interpreted to result in certain limited geographical areas becoming subject to a local sales tax rate above the legal limit. The two percent cap on local sales tax must never be exceeded. House Bill 2182 should have been drafted with greater clarity to exclude any possibility that sales tax above the maximum allowable rate would ever be charged."

RESPONSE: **Rep. Ron Reynolds**, the bill's author, said: "I am deeply disappointed that Gov. Abbott chose to veto HB 2182 that only affected six counties in Texas: Crane, Fort Bend, Jim Hogg, Randall, Rockwall, and Zapata. Each of these counties has at least one county assistance district. The idea for this legislation came from a current Fort Bend County commissioner, and he saw the need to make a change in the law to allow for more flexibility within the county assistance districts.

"HB 2182 would have allowed the county to annex county roads, parks, and facilities that they are currently not able to annex. County assistance districts would have been able to fund county roads and facilities with sales taxes, reducing the use of property taxes. The governor's interpretation of the bill was not correct. It was not going to allow the local sales tax rate to go above the legal limit, which is 2 percent. The rate would have stayed at 2 percent and allowed more flexibility in how that money was spent within the county assistance districts' boundaries."

Sen. Borris Miles, the Senate sponsor, said: "HB 2182 would have been beneficial to the taxpayers of Fort Bend County. After speaking with the governor's office, the veto was on a technicality and the governor pledged to offer language for us to work on this bill for next session."

NOTES: HB 2182 passed on the Local, Consent, and Resolutions Calendar and was not analyzed in a *Daily Floor Report*.