

Amend CSHB 3588 as follows:

(1) In Article 2, on page 57, between lines 9 and 10, insert the following:

Sec. 370.119. TRANSFER OF LOCAL SALES TAX AUTHORITY. (a) The board of an authority may impose a local sales and use tax if the authority to impose the tax is transferred to the authority by a local governmental entity, including a municipality, county, transit authority, or special district, that is authorized to impose a local sales and use tax.

(b) A local governmental entity that is authorized by law to impose a local sales and use tax may transfer all or part of that taxing authority to an authority if:

(1) the transfer of the taxing authority is approved by the governing body of the local governmental entity; and

(2) a majority of the qualified voters of the local governmental entity approve the transfer of the taxing authority in an election held for that purpose.

(c) If a local governmental entity transfers all or part of its authority to impose a sales and use tax to an authority, the local governmental entity's authority to impose a sales and use tax is reduced by the amount transferred.

(d) A sales and use tax imposed by an authority under this section is assessed, administered, and distributed under Chapter 322, Tax Code.

(e) A sales and use tax imposed by an authority under this section may be imposed only in the geographic limits of the local governmental entity that transferred its taxing authority to the authority.

(f) Revenues from a sales and use tax imposed by an authority under this section may be used only for transportation projects located in the geographic limits of the local governmental entity that transferred its taxing capacity to the authority.

(g) By majority vote of the board, an authority may return to a local governmental entity all or part of the taxing authority originally transferred by that local governmental entity to the authority.

(h) This section may not be construed to authorize an

authority to impose a sales and use tax at a rate that when combined with the rates of sales and use taxes imposed by the authority and all other governmental entities in its geographic limits would exceed two percent at any location in the geographic limits of the authority.

(i) For purposes of this section, a county is considered to transfer all or part of its taxing authority to impose a local sales and use tax to an authority in locations within the county in which the tax is below two percent. This subsection does not preclude another local governmental entity from subsequently holding an election to authorize a local sales and use tax within the geographic limits of the entity, and the authority's tax rate will be reduced commensurate with the local governmental entity's increase in order for the total to not exceed two percent.

(2) On page 57, line 10, strike "370.119-370.160" and substitute "370.120-370.160".