

BILL ANALYSIS

C.S.H.B. 2386

By: Hill

Local Government Ways and Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The Local Government Code allows certain counties to impose specific purpose taxes if the citizens of the county approve the tax at an election held under Section 334.043 of the Code. C.S.H.B. 2386 allows certain counties and municipalities, with voter approval, to impose a facility use tax to assist with the financing of venue projects.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

SECTION 1. Amends Chapter 334 by adding Subchapter K, and adds Sec 334.401 to establish definitions for "designated facility", "event", and "stall or pen".

Sec. 334.402 establishes that the subchapter applies to a county having two municipalities with a population of 300,000 or more. Additionally, the subchapter applies to a municipality in a county meeting that criteria.

Sec. 334.403 outlines when a county or municipality may impose a livestock facility use tax. Requires an election to approve the tax.

Sec. 334.404 and 334.405 establishes the tax rate, places a cap on the maximum rate, and requires voter approval for an increase to the rate.

Sec. 334.406 allows a municipality or a county to make exemptions.

Sec. 334.407 states that the tax imposed by this subchapter is a debt owed to the owner or lessee of the designated facility by the user or sublessee of the designated facility and is not an occupation tax. Sec. 334.408 and 334.409 prescribe the effective date of the tax as well as the manner in which it is to be collected.

Sec. 334.410 requires the tax revenue to be deposited in the venue project fund of the entity imposing the tax.

SECTION 2. Effective date.

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2003.

COMPARISON OF ORIGINAL TO SUBSTITUTE

Amends applicability language to apply only to a county having two cities with a population of 300,000 or more, and also applies to a municipality in a county meeting that criteria.

Sec. 334.1041 relating to a rate increase in certain counties is deleted. Sec.334.405 is added to establish the only procedure by which voters may approve an increase in the rate.

Subchapter K is added to establish a livestock facility use tax, and definitions are outlined for a “designated facility”, an “event”, and a “stall or pen”. The bill authorizes the governmental entity to impose the facility tax only in specific instances, and it sets a cap on the rate.

The C.S.H.B. authorizes the county or city to allow exemptions. The nature of the tax as well as its effective date is defined. The manner in which the tax is collected is prescribed. The substitute clearly states that revenue shall be deposited in the venue project fund of the entity imposing the tax.

The effective date is unchanged.