

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**March 24, 2003**

**TO:** Honorable Glenn Lewis, Chair, House Committee on County Affairs

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: HB1816** by McReynolds (Relating to the counties eligible to create a county assistance district that may impose a sales and use tax.), **As Introduced**

**No significant fiscal implication to the State is anticipated.**

The bill would change the requirements for eligibility for a county to create a county assistance district that may impose a sales and use tax. The bill would take effect immediately if it receives a two-thirds vote in each house; otherwise, it would take effect September 1, 2003.

Under existing statute, only a county with a population of less than 45,000 and in which a Transportation Code, Chapter 451 or Chapter 452 transit authority is included in any portion of the territory is eligible to create a county assistance district. The provisions of the bill would add that a county with a population of less than 45,000 that does not impose a sales and use tax under Chapter 323, Tax Code, would also be eligible to establish a county assistance district. Regardless of the eligibility requirement that applies to a county, the combined local tax rate in such a district could not exceed 2 percent.

Currently, there are four transit authorities established under Chapter 451 of the Transportation Code and two established under Chapter 452. None of those six authorities is in a county with a population under 45,000. There are 101 counties that would fit the eligibility criteria for creating a county assistance district under the proposed amended statute.

A county choosing to create a county assistance district would incur the cost of holding an election to decide whether to create a district and to vote on the tax rate to be imposed.

The Comptroller of Public Accounts estimates incurring administrative costs of \$134,470 in fiscal year 2004 to notify taxpayers and \$460 per year through fiscal year 2008 for technology costs to respond to additional telephone calls regarding the impact of the creation of new county assistance districts.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JK, DLBa