

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 22, 2003

TO: Honorable Fred Hill, Chair, House Committee on Local Government Ways and Means

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB2139 by Brown, Betty (Relating to the authority of a county to impose a sales and use tax to build a criminal detention center.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would add a new chapter to Title 3 of the Tax Code to allow certain counties to impose a sales and use tax to build a criminal detention center.

The bill would allow a county to which Chapter 325 does not apply to impose a sales and use tax to build a criminal detention center, under certain conditions.

The tax could be imposed in increments of one-eighth of one percent, with a minimum tax rate of one-eighth of one percent and a maximum rate of one percent. An election would have to be called to adopt or increase the tax rate. As a result of the adoption or the increase of the rate of a tax adopted under the new chapter, the combined local tax rate could not exceed the two percent limit at any location in the county.

A county could only use the tax to pay bonds or other obligations issued for a criminal detention center. The county could not collect the tax after all bonds or other obligations of the county that were payable from the tax revenue had been paid in full.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2003.

Under current law, Chapter 325, Tax Code, a county having a population of 48,000 or less that borders the Rio Grande containing a municipality with a population of more than 22,000 may adopt a sales and use tax for a landfill and a criminal detention center.

Local Government Impact

Counties that are currently below the two percent cap by one-eighth to one percent would be eligible to increase their sales tax rates to gain revenue to purchase bonds or other obligations if the voters approved the tax increase. The revenue gain for the criminal detention center would vary by county, depending on the size of the county and the level of applicable sales within its jurisdiction. Counties would then be responsible for repayment of bonds or other obligations used for the detention center.

Counties would also have to pay election costs, with the election being more expensive if it is not held on a uniform election date.

Source Agencies: 304 Comptroller of Public Accounts

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