

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 21, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB2784 by Eiland (Relating to allowing rural fire prevention districts to impose a sales and use tax.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend Chapter 794 of the Health and Safety Code to allow a rural fire prevention district to impose a sales and use tax. The tax could be imposed at a rate of 0.5 percent, 1 percent, 1.5 percent, or 2 percent, subject to a restriction that the combined local tax rate in any territory of the district could not exceed the 2 percent limit. Adoption of the tax and any subsequent rate change or repeal would be subject to election.

The bill would specify the effective date of the adoption or abolition of the tax or change in the tax rate. The Comptroller of Public Accounts could extend the effective date if more time were needed to take the action required to begin collecting the tax or to implement any subsequent repeal or rate change.

The bill would take effect immediately if it receives a two-thirds vote in each house; otherwise, it would take effect September 1, 2003.

Local Government Impact

Provisions of the bill would provide an additional funding mechanism for the districts if the voters were to approve imposition of a tax. A district would first incur election costs. The overall fiscal impact would vary by district depending on the level of tax approved.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JK, WP, SD, JB, DLBa