BILL ANALYSIS

BACKGROUND AND PURPOSE

Certain governmental entities have the authority to levy local sales and use taxes, which are limited to a 2% cap. Under current law, Chapter 387, Local Government Code, allows counties with populations below 45,000 and part of the county is located within a metropolitan rapid transit or a regional transportation authority to create County Assistance District. These districts may collect sales and use taxes in areas of the county not already pushing the 2% cap to pay for necessary services.

C.S.H.B. 1468 allows all counties with populations under 50,000 and not already at the 2% cap to create County Assistance Districts. The County Commissioners Court will be required to call an election and draw boundaries to include effected local voters.

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 Section 387.002, Local Government Code, by changing the applicability of the chapter to a county that has a population of less than 50,000.

SECTION 2.   Amends Section 387.003, Local Government Code, by amending Subsections (b) and (f) and adding Subsections (b-1), (g), and (h) as follows:

(b) States that an order calling an election must define the boundaries of the district to include any portion of the county in which the combined tax rate of all local sales and use taxes imposed, including the rate to be imposed by the district if approved at the election, would exceed two percent. Removes the provision that it is any portion of the county not located in a transportation authority.

(b-1) Adds that if the proposed district includes any territory of a municipality, the commissioners court is required to send notice, not later than the 60th day before the date the commissioners court orders the election, to the governing body of the municipality of the commissioners court's intent to create the district. The governing body of the municipality is authorized to exclude the territory of the municipality from the proposed district by sending notice, not later than the 45th say after the date the governing body receives notice from the commissioners court, to the commissioners court of the desire to be excluded. If the commissioners court fails to provide notice to a municipality, the governing body of the municipality is authorized to exclude its territory from the district at any time, by providing written notice to the commissioners court. The territory of a municipality that is excluded is authorized to subsequently be included in the district in an election held under Subsection (f).

(f) Adds that an election is prohibited in an area in which the combined tax rate of all local sales and use taxes imposed, including the rate to be imposed by the district, would exceed two percent.

(g) Clarifies that a district is only composed of areas where voters approve the sales and use tax increase.

(h) Adds that if more than one election to authorize a sales and use tax is held on the same day in the area of a proposed district or an area proposed to be added to the district, and if the approval by the voters would cause the imposition of a sales and use tax over two percent, only a tax authorized at an election under this section may be imposed.

SECTION 3.   The change in law make by this Act by adding Section 387.003(b-1), Local Government Code, applies only to an election ordered on or after the effective date of this Act.

SECTION 4.   Effective date.

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2005.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The Substitute adds a provision that at least 60 days prior to calling an election on the question of creating a county assistance district, the commissioners court is required to notify all cities that are to be included in the district. A city has 45 days to notify the commissioners court that they wish to opt out of the district. If the city does not choose to opt out of the district, then an election they call to raise taxes on the same day as the county assistance district's election to raise taxes, is superseded by the county assistance district's election.