

## **BILL ANALYSIS**

H.B. 3195  
By: Smith, Todd  
Local Government Ways & Means  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

H.B. 3195 creates Section 321.409 of the Tax Code, which allows municipalities to use a combined ballot proposition to lower or repeal any dedicated or special purpose municipal sales tax, while raising or adopting another dedicated or special purpose municipal sales tax. For example, to lower a 4A tax and raise a street maintenance tax, the combined ballot might be worded as follows:

“The reduction of a sales and use tax for the promotion and development of new and expanded business enterprises from a rate of one-half of one percent to three-eighths of one percent; and the adoption of a local sales and use tax in (name of municipality) at the rate of one-fourth of one percent to provide revenue for maintenance and repair of municipal streets.”

Currently, in order for a city to switch from one type of optional municipal sales tax to another type of optional municipal sales tax requires two ballot propositions: one to repeal/lower a tax and a second to adopt/raise another tax

### **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**

Adds Section 321.409, Tax Code, which provides that a municipality may, by a combined ballot proposition, lower or repeal any dedicated or special purpose municipal sales tax, including the additional sales tax for property tax relief, and by the same proposition raise or adopt any other dedicated or special purpose municipal sales tax, including the additional sales tax for property tax relief. The combined ballot language shall satisfy any other language requirements, if any, required by state law. A negative vote on the combined sales tax proposition shall have no effect on the sales tax to be lowered or repealed or the sales tax to be raised or adopted.

### **EFFECTIVE DATE**

Effective date is September 1, 2005.