

BILL ANALYSIS

Senate Research Center
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S.B. 1339
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As Filed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Chapter 451 (Metropolitan Rapid Transit Authorities) of the Texas Transportation Code, allows an authority organized under Chapter 451 to call for an election for the creation of an advanced transportation district (ATD) to be funded by a local sales and use tax. ATDs can be used for traffic management systems, rapid transit vehicles, and high occupancy vehicle lanes. Section 451.706 stipulates that the combined rate of all sales and use taxes imposed by the district and all other political subdivisions may not exceed two percent in any location in the district. If, after the ATD election, the result of the imposition of the district's tax in a participating unit exceeds the two percent limit, current law says that all the local sales and use tax in that unit is repealed to zero percent.

As proposed, S.B. 1339 allows communities that did not participate in the initial election to call for an election to participate in the ATD. The bill allows for the ATD to deny admission if the district determines that servicing the community would provide a financial hardship to the district. The bill also states that if, as a result of the election, the sales tax would exceed the two percent limit, the community shall identify which sales tax they will reduce in order to stay under the two percent cap.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 451.706, Transportation Code, by amending Subsection (b) and adding Subsection (b-1), as follows:

(b) Provides that except as provided by Subsection (b-1), if after an election held under this subchapter the imposition of the district's tax in a participating unit would exceed the limit imposed under Subsection (a), the election of a participating unit to join the district repeals all other local sales and use taxes in that unit, except for certain taxes, including a sales and use tax, or the dedicated portion of a sales and use tax, that is imposed to pay the principal of and interest on a debt of the participating unit.

(b-1) Provides that if after repealing all other local sales and use taxes under Subsection (b) the imposition of the district's tax would still cause the tax rate in the participating unit to exceed certain limitations, the unit does not become part of the district until the rate imposed in the unit does not exceed the limitation. Provides that the sales and use tax or dedicated portion of a tax imposed in the unit described by Subsection (b) is repealed on retirement of the debt for which the tax or portion was imposed.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: upon passage or September 1, 2005.