

By: Solomons

H.B. No. 229

A BILL TO BE ENTITLED

AN ACT

relating to the application of the sunset review process to state taxes.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 325, Government Code, is amended by adding Section 325.023 to read as follows:

Sec. 325.023. EVALUATION OF STATE TAXES. (a) The commission shall periodically evaluate each of the taxes imposed by Subtitles E, F, G, H, I, and J, Title 2, Tax Code, according to a schedule adopted by the commission. The schedule must provide for the commission to evaluate each tax at intervals not to exceed 10 years. The commission shall provide the schedule to the governor, the lieutenant governor, the speaker of the house of representatives, and the presiding officers of the senate finance committee and the house ways and means committee.

(b) In its evaluation of each tax, the commission shall:

(1) assess the extent of the tax's burden on the persons who pay it;

(2) consider the effect of the tax on:

(A) the economy, including economic development, in this state; and

(B) obligations of the state, including a lease, a contract, another written obligation, or a continuing obligation to pay bonded indebtedness;

1 (3) take into account any other factors the commission
2 considers relevant in its evaluation of the tax;

3 (4) consider whether retaining the tax is in the best
4 interest of the public; and

5 (5) make recommendations for retaining or repealing
6 the tax, or for amending a provision related to the tax.

7 (c) At each regular legislative session, the commission
8 shall present to the legislature and the governor a report on the
9 evaluation and recommendations it makes under Subsection (b). The
10 report must include drafts of any legislation needed to carry out
11 the commission's recommendations under that subsection.

12 SECTION 2. Chapter 101, Tax Code, is amended by adding
13 Section 101.010 to read as follows:

14 Sec. 101.010. SUNSET PROVISION FOR STATE TAXES. (a) The
15 taxes imposed by Subtitles E, F, G, H, I, and J are subject to
16 periodic evaluation by the Sunset Advisory Commission under Section
17 325.023, Government Code, according to a schedule the commission
18 adopts under that section.

19 (b) A tax that is the subject of a Sunset Advisory
20 Commission evaluation under Section 325.023, Government Code, and
21 the chapter or subtitle that imposes the tax are repealed on October
22 1 of the year in which the commission presents its evaluation to the
23 legislature unless the legislature retains the tax.

24 (c) This section does not prohibit the legislature from
25 repealing a tax at a date earlier than the date provided by this
26 section.

27 SECTION 3. The Sunset Advisory Commission shall adopt a

1 schedule for evaluating taxes as provided by Section 325.023,
2 Government Code, as added by this Act, on or before January 1, 2006.

3 SECTION 4. This Act takes effect immediately if it receives
4 a vote of two-thirds of all the members elected to each house, as
5 provided by Section 39, Article III, Texas Constitution. If this
6 Act does not receive the vote necessary for immediate effect, this
7 Act takes effect September 1, 2005.