

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 11, 2005

TO: Honorable Frank Madla, Chair, Senate Committee on Intergovernmental Relations

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB132 by Hilderbran (Relating to the rate of the county health services sales and use tax.),
As Engrossed

No fiscal implication to the State is anticipated.

The bill would amend the Tax Code to authorize a county that has a population of 50,000 or less, upon voter approval, to impose, increase, or decrease a County Health Services Sales and Use Tax. The rate could be increased or decreased in one or more increments of one-eighth of 1.0 percent, from a minimum of 0.5 percent to a maximum of 1.0 percent, provided that the overall county tax rate does not exceed 2 percent in any part of the county. The bill would take effect immediately if it receives the required two-thirds vote in both houses; otherwise, it would take effect on the 91st day after the last day of the legislative session.

Under current statute, a county having a population of 50,000 or less, with voter approval, may impose a County Health Services Sales and Use Tax at a rate of one-half percent. Current statute also allows for abolishing the tax. The proposed changes to statute would specify that applicable counties could also increase or decrease the tax rate and would provide a range for the tax rate, as opposed to the current set rate.

Local Government Impact

An eligible county that chooses to hold an election to consider imposing, increasing, decreasing, or abolishing a County Health Services Sales and Use Tax would incur election costs. Based on data submitted to the Secretary of State by a sampling of local government entities in summer 2004, the average cost for an election for a local government is \$1.29 per registered voter.

The cost of an election would vary by county. The fiscal impact, negative or positive, of any changes to a County Health Services Sales and Use Tax would vary by county, but it is anticipated those changes would reflect the needs of the county.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, SD, WP, SM, DLBa