

## **BILL ANALYSIS**

Senate Research Center  
80R8484 DAK-F

H.B. 3084  
By: Phillips (Deuell)  
Intergovernmental Relations  
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Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Chapter 327 (Municipal Sales and Use Tax for Street Maintenance), Tax Code, permits a municipality to adopt a sales and use tax for street maintenance that expires every four years unless reauthorized by election. Cities estimate that the costs of preventive street maintenance is 20 to 35 times less expensive than total reconstruction. Furthermore, the need to repair an existing street may only occur every five or six years, but then requires significant funding the next year. The provision that the sales and use tax for street maintenance expires every four years was originally written into statute in case this tax proved unsuccessful. A street maintenance tax that expires every four years creates planning and budgeting difficulties that can lessen the long-term cost savings of the street maintenance tax.

H.B. 3084 provides that a street maintenance tax adopted after September 1, 2007, does not automatically expire after four years. This bill also establishes a procedure to abolish the street maintenance tax by election.

### **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 327.007(a), Tax Code, to provide that a municipal sales and use tax for street maintenance authorized by this chapter (Municipal Sales and Use Tax for Street Maintenance) and adopted before September 1, 2007, expires on the fourth anniversary of the date the tax originally took effect under Section 327.005 (Sales and Use Tax Effective Date) or the first day of the first calendar quarter occurring after the fourth anniversary of the date the tax was last reauthorized under this section (Reauthorization of Tax), unless reauthorized as specified.

SECTION 2. Amends Chapter 327, Tax Code, by adding Section 327.009, as follows:

Sec. 327.009. REPEAL OF TAX. (a) Provides that an election to abolish the municipal sales and use tax for street maintenance authorized by this chapter is called by the adoption of an order by the governing body of the municipality (body). Authorizes the body to call an election on its own motion and requires the body to call an election if a number of qualified voters in the municipality equal to at least five percent of the number of registered voters in the municipality petition the body to call the election.

(b) Requires the ballot at an election to abolish the municipal sales and use tax for street maintenance to be prepared to permit voting for or against the proposition. Sets forth the language of the proposition.

SECTION 3. Effective date: September 1, 2007.