

By: Solomons

H.B. No. 36

A BILL TO BE ENTITLED

AN ACT

relating to a periodic review of state and local taxes.

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

SECTION 1. Subtitle B, Title 3, Government Code, is amended by adding Chapter 320A to read as follows:

CHAPTER 320A. REVIEW OF STATE AND LOCAL TAXES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 320A.001. DEFINITIONS. In this chapter:

(1) "Commission" means the select commission on periodic tax review.

(2) "Committee" means the joint legislative tax review committee.

[Sections 320A.002-320A.050 reserved for expansion]

SUBCHAPTER B. SCHEDULE FOR PERIODIC REVIEW OF STATE AND LOCAL TAXES

Sec. 320A.051. SELECT COMMISSION ON PERIODIC TAX REVIEW.

The select commission on periodic tax review is composed of:

(1) three members of the house of representatives, appointed by the speaker of the house of representatives, one of whom must be the individual selected under Section 320A.104(a) to serve as the chair of the committee;

(2) three members of the senate, appointed by the lieutenant governor;

(3) eight public members, of which:

(A) four are appointed by the governor;

1                   (B) two are appointed by the lieutenant governor;  
2 and  
3                   (C) two are appointed by the speaker of the house  
4 of representatives; and  
5                   (4) the comptroller.

6           Sec. 320A.052. TERMS. The members of the commission serve  
7 two-year terms that expire December 31 of each even-numbered year.

8           Sec. 320A.053. VACANCY. If a vacancy occurs, the  
9 individual who originally appointed the vacating member shall  
10 appoint an individual to fill the vacancy for the remainder of the  
11 unexpired term.

12           Sec. 320A.054. OFFICERS. (a) The speaker of the house of  
13 representatives shall select one member of the commission appointed  
14 under Section 320A.051(1) to serve as chair of the commission.

15           (b) The lieutenant governor shall select one member of the  
16 commission appointed under Section 320A.051(2) to serve as vice  
17 chair of the commission.

18           Sec. 320A.055. MEETINGS. The commission shall meet at the  
19 call of the chair.

20           Sec. 320A.056. STAFF. On the commission's request:

21                   (1) the committee shall provide committee staff to  
22 assist the commission in performing the commission's duties; and

23                   (2) the Legislative Budget Board, the Texas  
24 Legislative Council, the office of the governor, the comptroller,  
25 the senate, and the house of representatives shall provide other  
26 staff necessary to assist in performing those duties.

27           Sec. 320A.057. COOPERATION BY OTHER STATE ENTITIES. The

1 commission may request the assistance of any state agency,  
2 department, or office if the commission needs assistance to perform  
3 the commission's duties. The agency, department, or office shall  
4 provide the requested assistance.

5 Sec. 320A.058. EXPENSES. The operating expenses of the  
6 commission shall be paid from available funds of the office of the  
7 governor and the contingent expense funds of the senate and the  
8 house of representatives, as agreed by those entities. The  
9 commission members are entitled to reimbursement from those funds  
10 for expenses incurred by the members in implementing this chapter.

11 Sec. 320A.059. DEVELOPMENT AND BIENNIAL MODIFICATION OF  
12 STATE AND LOCAL TAX REVIEW SCHEDULE. (a) The commission shall:

13 (1) identify each state tax imposed in this state and  
14 each type of local tax imposed in this state authorized by state  
15 law;

16 (2) develop a state and local tax review schedule  
17 under which each identified tax is reviewed once during each  
18 12-year period; and

19 (3) specifically identify on the schedule:

20 (A) each of the taxes the committee must review  
21 for purposes of the next report due under Section 320A.153;

22 (B) any tax described by Paragraph (A) the total  
23 revenue of which did not exceed \$10 million during the most recent  
24 state fiscal biennium and that the commission recommends for an  
25 abbreviated review by the committee; and

26 (C) the components of the review specified by  
27 Section 320A.109 that the commission recommends are unnecessary

1 with respect to a tax recommended for an abbreviated review.

2 (b) In developing the schedule, the commission shall  
3 schedule the taxes for review in the order in which the taxes were  
4 enacted or authorized, except that the commission may schedule the  
5 initial review of a tax that has an expiration date for any date the  
6 commission determines is appropriate.

7 (c) The commission shall revise the schedule biennially  
8 only to:

9 (1) add to the schedule a tax that was enacted or  
10 authorized after the commission developed the most recent schedule;

11 (2) delete from the schedule a tax that was repealed  
12 after the commission developed the most recent schedule;

13 (3) update the review dates of the taxes for which  
14 reviews were conducted after the commission developed the most  
15 recent schedule; and

16 (4) update the taxes identified under Subsection  
17 (a)(3).

18 Sec. 320A.060. PUBLIC COMMENT. The commission shall  
19 provide a process by which the public may comment on the state and  
20 local tax review schedule under Section 320A.059. The commission  
21 shall consider those comments in developing or revising the  
22 schedule.

23 Sec. 320A.061. SCHEDULE PROVIDED TO COMMITTEE. Not later  
24 than December 1 of each odd-numbered year, the commission shall  
25 provide the state and local tax review schedule to the committee.

26 [Sections 320A.062-320A.100 reserved for expansion]

1       SUBCHAPTER C. CONDUCT OF REVIEW OF STATE AND LOCAL TAXES

2       Sec. 320A.101. JOINT LEGISLATIVE TAX REVIEW COMMITTEE. The  
3 joint legislative tax review committee is composed of the  
4 following:

5           (1) six members of the house of representatives,  
6 appointed by the speaker of the house of representatives; and

7           (2) six members of the senate, appointed by the  
8 lieutenant governor.

9       Sec. 320A.102. TERMS. The members of the committee serve  
10 two-year terms that expire December 31 of each even-numbered year.

11       Sec. 320A.103. VACANCY. If a vacancy occurs, the  
12 individual who originally appointed the vacating member shall  
13 appoint an individual to fill the vacancy for the remainder of the  
14 unexpired term.

15       Sec. 320A.104. OFFICERS. (a) The speaker of the house of  
16 representatives shall select one member of the committee appointed  
17 under Section 320A.101(1) to serve as chair of the committee.

18           (b) The lieutenant governor shall select one member of the  
19 committee appointed under Section 320A.101(2) to serve as vice  
20 chair of the committee.

21       Sec. 320A.105. MEETINGS. The committee shall meet at least  
22 once each calendar quarter and at other times at the call of the  
23 chair.

24       Sec. 320A.106. STAFF. (a) The committee may hire staff as  
25 the committee determines necessary.

26           (b) On the committee's request, the Legislative Budget  
27 Board, the Texas Legislative Council, the office of the governor,

1 the comptroller, the senate, and the house of representatives shall  
2 provide other staff necessary for the committee to perform the  
3 committee's duties.

4 Sec. 320A.107. COOPERATION BY OTHER STATE ENTITIES. The  
5 committee may request the assistance of any state agency,  
6 department, or office if the committee needs assistance to perform  
7 the committee's duties. The agency, department, or office shall  
8 provide the requested assistance.

9 Sec. 320A.108. EXPENSES. The operating expenses of the  
10 committee shall be paid from available funds of the office of the  
11 governor and the contingent expense funds of the senate and the  
12 house of representatives, as agreed by those entities. The  
13 committee members are entitled to reimbursement from those funds  
14 for expenses incurred by the members in implementing this chapter.

15 Sec. 320A.109. PERIODIC REVIEW OF STATE AND LOCAL TAXES.  
16 The committee shall periodically review each state tax imposed in  
17 this state and each type of local tax imposed in this state  
18 authorized by state law according to the state and local tax review  
19 schedule provided by the commission under Section 320A.061. In  
20 reviewing a tax, the committee shall:

21 (1) evaluate the impact of the tax and the  
22 expenditures of the tax revenue on economic development in this  
23 state;

24 (2) examine the relationship between:

25 (A) the tax and other revenue sources and the  
26 revenue needs of the state government and local governments, with  
27 particular consideration given to projected demographic trends in

1 this state; and

2 (B) the tax burden imposed on taxpayers,  
3 categorized by household income level or business sector, as  
4 applicable, and the benefits those taxpayers receive from  
5 government expenditures in this state;

6 (3) develop recommendations for retaining or  
7 repealing the tax or for amending a provision related to the tax;  
8 and

9 (4) make recommendations for retaining, repealing, or  
10 amending a credit, exemption, discount, exclusion, special  
11 valuation, special accounting treatment, special rate, or special  
12 method of reporting related to the tax.

13 [Sections 320A.110-320A.150 reserved for expansion]

14 SUBCHAPTER D. RECOMMENDATIONS REGARDING REVIEWED TAXES

15 Sec. 320A.151. PRELIMINARY REPORT. Not later than  
16 September 1 of each even-numbered year, the committee shall provide  
17 to the commission a preliminary report on the reviews of taxes  
18 identified under Section 320A.059(a)(3)(A). The report must  
19 include drafts of any proposed legislation needed to implement the  
20 committee's recommendations.

21 Sec. 320A.152. COMMISSION REVIEW AND COMMENT. The  
22 commission may review the preliminary report and proposed  
23 legislation and submit comments to the committee. The commission  
24 shall submit the comments not later than October 15 of each  
25 even-numbered year.

26 Sec. 320A.153. FINAL REPORT. (a) The committee may modify  
27 the preliminary report and proposed legislation provided to the

1 commission under Section 320A.151 in response to the commission's  
2 comments.

3 (b) Not later than December 1 of each even-numbered year,  
4 the committee shall provide to the governor and the presiding  
5 officers of the senate finance committee and the house ways and  
6 means committee a final report on the reviews of taxes identified  
7 under Section 320A.059(a)(3)(A) and proposed legislation necessary  
8 to implement the committee's recommendations. The committee shall  
9 include with the final report any comments received from the  
10 commission under Section 320A.152.

11 Sec. 320A.154. PUBLIC HEARING ON FINAL REPORT. The senate  
12 finance committee and the house ways and means committee shall hold  
13 a joint public hearing on the final report and proposed legislation  
14 provided under Section 320A.153.

15 SECTION 2. The governor, the lieutenant governor, and the  
16 speaker of the house of representatives shall appoint the initial  
17 members of the joint legislative tax review committee not later  
18 than September 1, 2007. The governor, the lieutenant governor, and  
19 the speaker of the house of representatives shall appoint the  
20 initial members of the select commission on periodic tax review not  
21 later than October 1, 2007. Notwithstanding Sections 320A.052 and  
22 320A.102, Government Code, as added by this Act, the terms of the  
23 initial members of the commission and the committee expire December  
24 31, 2008.

25 SECTION 3. Notwithstanding Section 320A.061, Government  
26 Code, as added by this Act, the select commission on periodic tax  
27 review shall submit the initial state and local tax review schedule



1 required by that section not later than January 15, 2008.

2 SECTION 4. The joint legislative tax review committee shall  
3 submit:

4 (1) the initial preliminary report required by Section  
5 320A.151, Government Code, as added by this Act, not later than  
6 September 1, 2008; and

7 (2) the initial final report required by Section  
8 320A.153, Government Code, as added by this Act, not later than  
9 December 1, 2008.

10 SECTION 5. This Act takes effect immediately if it receives  
11 a vote of two-thirds of all the members elected to each house, as  
12 provided by Section 39, Article III, Texas Constitution. If this  
13 Act does not receive the vote necessary for immediate effect, this  
14 Act takes effect September 1, 2007.

