

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 18, 2007

TO: Honorable Royce West, Chair, Senate Committee on Intergovernmental Relations

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

IN RE: HB3417 by Garcia (Relating to the counties authorized to create a crime control and prevention district and to the sales and use tax imposed by municipal crime control and prevention districts.), **Committee Report 2nd House, Substituted**

No fiscal implication to the State is anticipated.

The bill would amend the Local Government Code to add a county that does not border the United Mexican States, is adjacent to a county with a population of 500,000 or more that borders the United Mexican States, and has a population of 5,000 or more to those counties authorized to create a crime control and prevention district. The criteria would apply only to Willacy County.

The bill would amend various sections of the Local Government Code and create a new section of the Tax Code, relating to the sales and use tax imposed by municipal crime control and prevention districts. The bill would create a separate section in Chapter 321 of the Tax Code to govern the crime control and prevention districts that are created in municipalities and make conforming changes in Chapter 363 of the Local Government Code.

In regards to the administration of the new section, the bill would allow the governing body of the municipality to adopt orders and the Comptroller of Public Accounts to adopt rules. Furthermore, the bill would require the Comptroller to implement any changes necessary as a result of the bill on or before January 1, 2008.

According to the Comptroller, the districts' tax collections would not be expected to change as the tax rates that could be adopted would remain the same and assuming that the districts' tax would not apply to residential electricity or gas services.

The bill would take effect immediately upon enactment if it receives two-thirds vote in each house; otherwise, it would take effect September 1, 2007.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, DB, CT, SD, EB