

BILL ANALYSIS

C.S.S.B. 792
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

In November 2007, voters in Flower Mound approved the establishment of a crime control district and a fire control district each levying a quarter cent sales tax. The comptroller of public accounts has since indicated a lack of statutory authority to collect the associated taxes for residential gas and electric services. Currently, 46 cities in Texas are located in crime control or fire control districts, and of those, 37 have imposed or are eligible to impose a sales tax on residential gas and electric services.

C.S.S.B. 792 provides that, in cities where sales and use taxes are already assessed on residential electric or gas services, a crime control and prevention district or a fire control, prevention, and emergency medical services district may also impose a tax on such services.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.S.B. 792 amends the Tax Code to add provisions applicable to a fire control, prevention, and emergency medical services district or a crime control and prevention district located in all or part of a municipality that imposes a sales and use tax on the residential use of gas and electricity. The bill authorizes the board of directors of such a district, by order or resolution adopted in a public hearing, to impose a fire control district tax or a municipal crime control and prevention district tax, as applicable, on receipts from the sale, production, distribution, lease, or rental of, and the use, storage, or other consumption within the district of, gas and electricity for residential use. The bill authorizes the district, by the same means, to exempt such items or services from taxation or to reimpose the tax on such items or services. The bill authorizes the district's board, alternatively, to exempt such items from taxation and authorizes the board to reimpose a tax on them.

C.S.S.B. 792 requires a district that adopts an order or resolution that imposes a tax, establishes a tax exemption, or reimposes a tax to send a copy of the order or resolution to the comptroller of public accounts by U.S. certified or registered mail. The bill requires such a district also to send a copy of the order or resolution and a copy of the district's boundaries by U.S. certified or registered mail to each gas and electric company whose customers are subject to the tax and to publish notice of the order or resolution in a newspaper of general circulation in the district. The bill specifies that if the residential use of gas and electricity ceases to be taxable in the municipality in which a district is located, then the residential use of gas and electricity is not taxable by the district. The bill makes provisions that govern the computation of municipal sales and use taxes on gas and electricity for residential use applicable to the computation of district taxes on gas and electricity for residential use.

C.S.S.B. 792 requires the comptroller on request to provide a municipality that has adopted a municipal sales and use tax information relating to the amount of sales and use tax paid to the municipality during the preceding or current calendar year by each person doing business in an area that is part of a crime control and prevention district, a fire control, prevention, and emergency medical services district, or any similar district.

EFFECTIVE DATE

January 1, 2010.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.S.B. 792 differs from the original by making its provisions effective January 1, 2010, rather than on passage or September 1, 2009, as in the original.