

By: Villarreal

H.B. No. 1402

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 representing the geographic and cultural diversity of this state, of which:

1 (A) four are appointed by the governor;

2 (B) two are appointed by the lieutenant governor;

3 and

4 (C) two are appointed by the speaker of the house
5 of representatives; and

6 (4) the comptroller.

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

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

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

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

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

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

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

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

1 Sec. 320A.057. COOPERATION BY OTHER STATE ENTITIES. The
2 commission may request the assistance of any state agency,
3 department, or office if the commission needs assistance to perform
4 the commission's duties. The agency, department, or office shall
5 provide the requested assistance.

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

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

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

17 (2) develop a state and local tax review schedule
18 under which each identified tax is reviewed once during each
19 12-year period; and

20 (3) specifically identify on the schedule:

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

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

27 (C) the components of the review specified by

1 Section 320A.109 that the commission recommends are unnecessary
2 with respect to a tax recommended for an abbreviated review.

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

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

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

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

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

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

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

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

27 [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, 2009. 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, 2009. 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, 2010.

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, 2010.

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, 2010; 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, 2010.

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, 2009.