

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 26, 2009

TO: Honorable Rene Oliveira, Chair, House Committee on Ways & Means

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

IN RE: HB847 by Martinez, "Mando" (Relating to the maximum rate of certain local sales and use taxes.), **As Introduced**

Depending upon the size of the sales tax rate increase and the number of political subdivisions that choose to increase their rate, there could be an indeterminate amount of fiscal impact to the state.

The bill would amend Chapters 321 and 323 of the Tax Code, Chapter 504 of the Local Government Code, and Article 6550c-3, Revised Statutes, relating to city, county, certain municipal corporations, and commuter rail district sales and use taxes. The bill would raise the current maximum combined local sales tax rate from 2 percent to 3 percent in these jurisdictions.

Currently, the Comptroller retains two percent of the total local sales and use tax as an administrative service fee. Therefore, the state could experience an indeterminate amount of revenue gain, depending on the size and number of local sales tax rate increases.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2009.

Local Government Impact

The local jurisdictions that would increase sales tax rates and the amount and timing of those increases are not known. Depending on the size of the rate increase and the number of political subdivisions that choose to increase their rate, there could be an indeterminate amount of sales tax revenue gain to units of local government.

Source Agencies: 304 Comptroller of Public Accounts

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