

BILL ANALYSIS

H.B. 205
By: Pickett
Defense & Veterans' Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Most retail businesses located on the Fort Bliss United States Army post in El Paso have been collecting sales tax at the rate of 8.25 percent, a rate comprising the state sales tax rate of 6.25 percent and a local sales tax rate of two percent. One percent of the local sales tax rate is for El Paso County and one percent is for the city of El Paso. When the city of El Paso created a transportation reinvestment zone under state law, it was discovered that Fort Bliss was not within the city limits, even though the city surrounds the base. While it is not uncommon to find situations in Texas where larger municipalities have grown around smaller municipalities, this case is unusual because it involves a military base. The comptroller of public accounts subsequently reevaluated the sales tax permits held by retailers located on Fort Bliss and instructed the retailers to collect the state sales tax and the local sales tax only for El Paso County. H.B. 205 would allow the retailers to resume collecting the local sales tax for the city of El Paso.

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

H.B. 205 amends the Tax Code to specify that a statutory reference to a municipality as the territory in which the municipal sales tax or an incident of that tax applies includes the area within the boundaries of a federal military installation that is located in the municipality's extraterritorial jurisdiction. The bill applies only to a municipality with a population of more than 500,000 that borders the United Mexican States.

H.B. 205 redefines "entity area," for purposes of statutory provisions governing the sales tax for special purpose taxing authorities, to include the area within the boundaries of a federal military installation located in a municipality's extraterritorial jurisdiction when the taxing entity assessing and collecting the tax is a municipal transit department created by a municipality with a population of more than 500,000 that borders the United Mexican States.

EFFECTIVE DATE

September 1, 2011.