

## **BILL ANALYSIS**

C.S.H.B. 1819  
By: Thompson  
Natural Resources  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The Aldine Improvement District is a management district created and operating pursuant to certain statutes. The district currently provides services and improvements to the area within the district through the imposition of a sales and use tax. C.S.H.B. 1819 seeks to make statutory changes by establishing provisions relating to the district and providing authority to impose a tax.

### **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.H.B. 1819 amends the Special District Local Laws Code to rename the Aldine Improvement District as the East Aldine Management District and establishes that a reference in law to the Aldine Improvement District means the East Aldine Management District.

C.S.H.B. 1819, in a provision authorizing a district sales and use tax, removes language specifying that the sales and use tax revenue may be used for any purpose for which property tax revenue of the district may be used. The bill authorizes the board of directors of the district to establish one or more areas in the district as a special sales and use tax zone if the board finds that a reasonable distinction exists that justifies a special sales and use tax rate in the area. The bill authorizes the special sales and use tax rate to be different than the sales and use tax rate imposed in the rest of the district if the special sales and use tax rate is approved by a majority of the voters of the special sales and use tax zone at an election held for that purpose. The bill makes certain district sales and use tax provisions relating to restrictions on a combined rate of sales and use taxes that would exceed two percent and the applicability of the Municipal Sales and Use Tax Act applicable in the same manner to an imposed special sales and use tax. The bill exempts from a special sales and use tax imposed by the district the sale, production, distribution, lease, or rental of, and the use, storage, or other consumption within a special sales and use tax zone of, a taxable item sold, leased, or rented by a retail electric provider; an electric utility or a power generation company; a gas utility or a person who owns pipelines used for the transportation or sale of oil or gas or a product or constituent of oil or gas; a person who owns pipelines used for the transportation or sale of carbon dioxide; a telecommunications provider; or a cable service provider or video service provider.

C.S.H.B. 1819 adds territory to the district and sets out in detail the boundaries of the additional territory.

C.S.H.B. 1819 establishes that the legislature validates and confirms all governmental acts and proceedings of the Aldine Improvement District, now the East Aldine Management District, that were taken before the bill's effective date. The bill prohibits an act or proceeding from being held invalid because the act or proceeding was not in accordance with provisions relating to the

district or other law. The bill makes such validation, confirmation, and prohibition inapplicable to any matter that on the bill's effective date is involved in litigation if the litigation ultimately results in the matter being held invalid by a final court judgment or any matter that on the bill's effective date has been held invalid by a final court judgment.

C.S.H.B. 1819 makes conforming and nonsubstantive changes, including the redefinition of "district."

#### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2011.

#### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 1819 contains a provision not included in the original making certain provisions relating to a sales and use tax of the East Aldine Management District applicable to a special sales and use tax imposed by the district. The substitute contains a provision not included in the original exempting from a special sales and use tax imposed by the district the sale, production, distribution, lease, or rental of, and the use, storage, or other consumption within a special sales and use tax zone of, a taxable item sold, leased, or rented by a retail electric provider; an electric utility or a power generation company; a gas utility or a person who owns pipelines used for the transportation or sale of oil or gas or a product or constituent of oil or gas; a person who owns pipelines used for the transportation or sale of carbon dioxide; a telecommunications provider; or a cable service provider or video service provider.