

## **BILL ANALYSIS**

Senate Research Center  
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H.B. 2972  
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Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

A street maintenance sales tax gives cities the option, on voter approval, of implementing a local sales tax to provide revenue specifically for the repair and maintenance of existing streets. Many Texas cities have approved the sales tax and have successfully used the revenue to improve their local transportation systems. There is, however, room for improvement.

Currently, the street maintenance sales tax must be reauthorized by voters every four years. Reauthorizations have been approved overwhelmingly, election after election. The cost of such frequent elections can be burdensome for cities. Further, there is confusion over whether the repair of sidewalks is an appropriate use of the street maintenance tax. Sidewalks, especially those adjacent to streets, often become damaged, creating a hazard for citizens and an eyesore in the community.

H.B. 2972 addresses these problems by requiring an election to reauthorize the tax every eight years, instead of every four years, and by authorizing cities to use the street maintenance tax revenue to fund sidewalk repairs.

H.B. 2972 amends current law relating to the municipal sales and use tax for street maintenance.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 327.007, Tax Code, by amending subsections (a) and (b) and adding Subsection (b-1), as follows:

(a) Provides that, unless imposition of the sales and use tax authorized by this chapter is reauthorized as provided by this section, the tax expires on one of certain dates, including the first day of the first calendar quarter occurring after the fourth anniversary of the date the tax was last reauthorized under Subsection (b) or the eighth anniversary of the date the tax was last reauthorized under Subsection (b-1), rather than after the fourth anniversary of the date the tax was last reauthorized under this section.

(b) Provides that an election to reauthorize the tax for a period of four years is called and held in the same manner as an election to adopt the tax under Section 327.006 (Election Procedure), except the ballot proposition is required to be prepared to permit voting for or against the proposition: "The reauthorization of the local sales and use tax in (name of municipality) at the rate of (insert appropriate rate) to continue providing revenue for maintenance and repair of municipal streets. The tax expires on the fourth anniversary of the date the tax takes effect unless the imposition of the tax is reauthorized."

(b-1) Provides that this subsection applies only to a municipality in which 66 percent or more of the voters voting in each of the last two consecutive elections concerning the adoption or reauthorization of the tax authorized by this chapter favored adoption or reauthorization and in which the tax has not expired as provided by Subsection (a) since

the first of those two consecutive elections. Authorizes a municipality to which this subsection applies to call an election to reauthorize the tax for a period of eight years instead of four years. Provides that the election is called and held in the same manner as an election to adopt the tax under Section 327.006, except the ballot proposition is required to be prepared to permit voting for or against the proposition: "The reauthorization of the local sales and use tax in (name of municipality) at the rate of (insert appropriate rate) to continue providing revenue for maintenance and repair of municipal streets. The tax expires on the eighth anniversary of the date the tax takes effect unless the imposition of the tax is reauthorized."

SECTION 2. Amends Section 327.008, Tax Code, as follows:

Sec. 327.008. USE OF TAX REVENUE. Authorizes revenue from the tax imposed under this chapter to be used only to maintain and repair municipal streets or sidewalks existing on the date of the election to adopt the tax.

SECTION 3. Effective date: upon passage or September 1, 2011.