

BILL ANALYSIS

C.S.H.B. 2972
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

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. Observers note that voters in many Texas cities have approved the sales tax to help improve their local transportation systems and that the tax must be reauthorized by voters periodically. It is reported that the reauthorizations have been approved overwhelmingly at election after election. There is concern, however, regarding the expense of elections, and these concerns have led to the suggestion that cities be given the option to extend the period between elections to save money and enable those cities to apply those savings elsewhere.

There is also confusion over whether the street maintenance tax may be used to repair sidewalks. It is noted that sidewalks adjacent to streets are often damaged, posing a danger to people and becoming eyesores in the community. Interested parties note that legislation is required to expand the authorized uses of street maintenance tax revenue to allow the use of such revenue to fund much-needed sidewalk repairs and to reduce the frequency of the elections needed for continued authorization of the street maintenance tax in municipalities where voters have demonstrated their continued support for the tax. C.S.H.B. 2972 seeks to achieve these goals relating to the municipal street maintenance 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. 2972 amends the Tax Code to authorize a municipality in which at least 66 percent or more of the voters voting in each of the last two consecutive elections concerning the adoption or reauthorization of a municipal street maintenance tax favored adoption or reauthorization and in which the tax has not expired since the first of those two consecutive elections to call an election to reauthorize the tax for a period of eight years instead of four years.

C.S.H.B. 2972 establishes that the election is called and held in the same manner as an election to adopt the tax with the exception of the ballot proposition, which must state the proposition as a proposition to reauthorize the local sales and use tax for eight years at the specified rate to continue providing revenue for maintenance and repair of municipal streets and provide for the expiration of the tax.

C.S.H.B. 2972 sets the expiration date for such a reauthorized tax as the first day of the first calendar quarter occurring after the eighth anniversary of the date the tax was last reauthorized. The bill expands the authorized uses for the tax revenue from a municipal street maintenance tax to include the maintenance and repair of municipal sidewalks existing on the date of the election to adopt the tax. The bill makes conforming changes.

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. 2972 differs from the original, in a bill provision authorizing a municipality to call an election to reauthorize the tax for a period of eight years instead of four years under certain conditions, by adding a specification that such authorization applies to a municipality in which such a tax has not expired since the first of two consecutive favorable elections, whereas the original contains no such specification.

C.S.H.B. 2972 contains provisions not included in the original adding to the ballot language for a reauthorization of a municipal street maintenance for a period of four years or eight years, as applicable, a statement establishing the expiration of the tax, unless the imposition of the tax is reauthorized.

C.S.H.B. 2972 differs from the original in nonsubstantive ways reflective of certain bill drafting conventions.