

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**April 5, 2011**

**TO:** Honorable Allan Ritter, Chair, House Committee on Natural Resources

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

**IN RE: HB2760** by Garza (Relating to species-protection programs for the Edwards Aquifer, the Guadalupe River Basin, the San Antonio River Basin, and the San Antonio Bay and estuary system; imposing a tax.), **As Introduced**

Depending upon what areas would consider the new tax, if the voters in an election would approve the new local sales taxing authority, when such a measure would pass, or at what rate the tax would be imposed by the authorities, there could be an indeterminate fiscal impact to the state.

The bill would amend the Tax Code to add new Chapter 328 to the Tax Code to create a new type of local sales tax. The bill would allow the jurisdiction to exceed the 2 percent cap on local taxes. The new chapter would be administered in the manner of the municipal sales tax.

The bill would define the applicable area and authorize the Edwards Aquifer Authority, the Guadalupe-Blanco River Authority, and the San Antonio River Authority to adopt a local sales and use tax for the purpose of providing species-protection programs.

The bill would require the tax rate imposed by the authorities to be set at 1/8th of 1 percent. The tax rate may be increased to a rate not to exceed 1/4th of 1 percent if it is determined that additional species-protection measures are required or the environmental flows advisory group approves a work plan as defined by the bill.

The tax would be adopted if a majority of the votes in the election favor the proposition and the tax may not be abolished or decreased during the term of the implementing agreement for the Edwards Aquifer recovery implementation program.

The bill would create the Species-Protection Program Fund, a new fund in the treasury outside General Revenue Fund 0001. The fund would consist of revenue from the tax imposed by this chapter, earnings, and interest. Money in the fund could be appropriated only to the Texas Water Development Board to provide financial assistance for species-protection programs.

The bill would create new local sales and use tax and would allow the jurisdiction to exceed the 2 percent cap on local taxes. It is not known what areas would consider the new tax, if the voters in an election would approve the new local sales taxing authority, or when such a measure would pass. It is also unknown at what rate the tax would be imposed by the authorities. Therefore the fiscal impact cannot be estimated.

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, 2011.

## **Local Government Impact**

There would be a fiscal impact to local governments associated with holding an election for the approval of the new tax; however, those costs would vary by locality and are not anticipated to be significant.

Based on costs reported to the Secretary of State (SOS) in 2010 by a sampling of counties, municipalities, and special districts, the average cost incurred by a local government entity for an election held is \$1.98 per registered voter.

**Source Agencies:** 304 Comptroller of Public Accounts, 580 Water Development Board, 802 Parks and Wildlife Department

**LBB Staff:** JOB, SZ, SD, KKR