

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 13, 2011

TO: Honorable Royce West, Chair, Senate Committee on Intergovernmental Relations

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

IN RE: HB2972 by Smith, Todd (Relating to the municipal sales and use tax for street maintenance.),
As Engrossed

No fiscal implication to the State is anticipated.

The bill amends Chapter 327, Tax Code relating to the municipal street maintenance tax.

The bill would allow certain municipalities which have held at least two consecutive elections that were approved by at least 66 percent of voters authorizing a local sales and use tax for repair and maintenance of streets, to hold a subsequent election to renew the tax for eight years. Under current law, the tax expires if not re-authorized by the voters once each four years.

The bill would authorize municipalities to expand the use of revenue from the tax to repair and maintain municipal sidewalks.

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

No significant fiscal implication to units of local government is anticipated.

Three cities - Arlington, Georgetown, and Bee Cave - were contacted by the Comptroller's office to obtain information about the potential fiscal impact of the bill.

If a municipality chooses to implement the provisions of the bill and the city does not require an election for another purpose during the year in which the tax would otherwise be required to be renewed using the current election interval of four years, a municipality would realize a savings equal to the cost of one election each eight years. A city would realize no cost savings if a tax reauthorization election occurs coinciding with another municipal election.

Since municipalities may adopt the sales tax at any election held either in May or November of any year, the timing of the impact on any city would vary depending on the month and year the tax was originally authorized. The earliest date that a city may realize a cost savings would be November 2016.

The city of Arlington would save approximately \$70,000 in fiscal 2017. The city of Georgetown would save \$14,305 in fiscal 2019. The city of Bee Cave would save \$3,500 in fiscal 2019.

The amount of the impact on other units of local government may differ from the sample municipalities in question based on the characteristics of each municipality.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, KKR, KK, SD, SJS