

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

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

**April 27, 2011**

**TO:** Honorable Harvey Hilderbran, Chair, House Committee on Ways & Means

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

**IN RE: HB3036** by Alvarado (relating to the municipal sales and use tax for street maintenance.),  
**Committee Report 1st House, Substituted**

**No significant 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 an election and adopted a local sales and use tax for repair and maintenance of streets, to hold a subsequent election to renew the tax for 10 years. Under current law, the tax expires if not re-authorized by the voters once every four years.

An election to re-authorize the tax for 10 years may occur no earlier than two years after the date of the last election to authorize or re-authorize the tax. The bill would authorize municipalities to expand the use of revenue from the tax to repair and maintain municipal sidewalks existing on the date of the election to adopt the tax.

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**

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

A municipality would realize a savings equal to the cost of two elections every 10 years by implementing provisions of the bill, if the city does not require an election for another purpose in a year when the tax would otherwise be required to be renewed using the current election interval of four years. A city would realize no cost savings if a tax reauthorization election occurs concurrently with another municipal election.

Since municipalities may adopt the sales tax at an 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 and also in fiscal 2021. The city of Georgetown would save \$14,305 in fiscal 2019 and also in fiscal 2023. The city of Bee Cave would save \$3,500 in fiscal 2019 and also in fiscal 2023.

**Source Agencies:** 304 Comptroller of Public Accounts

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