

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 10, 2011

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

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

IN RE: HB3702 by Raymond (Relating to sales and use tax imposed by boards of certain municipal transit departments.), **As Introduced**

No significant fiscal implication to the State is anticipated.

This bill would amend Chapter 453 of the Transportation Code, relating to sales and use tax imposed by boards of certain municipal transit departments.

The bill would add new Section 453.402(c) to provide that Section 453.402 does not apply to a transit department in a municipality with a population less than 300,000. Section 453.402 provides that the combined rates of all sales and use taxes imposed by the transit department and other political subdivisions within any part of the territory of the jurisdiction of the transit department may not exceed two percent. The effect of the bill would be to permit the combined rate of local sales taxes to exceed two percent.

Since the bill only effects local sales and use tax, there would be no significant fiscal impact on state sales and use tax revenue.

This 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

Currently the only municipal transit department in a municipality with a population of less than 300,000 is that of the City of Laredo, with a current transit tax rate of one-fourth of one percent. By exempting that municipal transit department from the two percent cap, the transit tax rate could be increased to one-half of one percent. The fiscal implications for units of local government cannot be determined, inasmuch as it is not known how many municipal transit departments might be formed to levy taxes if the two percent cap is removed.

Source Agencies: 304 Comptroller of Public Accounts

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