

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

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

**April 11, 2011**

**TO:** Honorable Steve Ogden, Chair, Senate Committee on Finance

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

**IN RE: SB1088** by Rodriguez (relating to the imposition by certain municipalities and municipal transit departments of the local sales and use tax in certain federal military installations.),  
**Committee Report 1st House, Substituted**

<p><b>No significant fiscal implication to the State is anticipated.</b></p>
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This bill would amend Chapter 321 of the Tax Code (municipal sales and use tax) and Chapter 453 of the Transportation Code (sales and use taxes for municipal transit departments), with respect to a municipality with a population greater than 500,000 that borders the United Mexican States.

The bill would amend Section 321.1045 of Tax Code to define the territory within which municipal sales and use taxes apply to include the area within the boundaries of a federal military installation that is located within the municipality's extraterritorial jurisdiction, and to provide that this section does not affect the boundaries of an emergency services district or such district's authority to continue to impose a sales and use tax throughout its current territory.

The bill would amend Section 453.051 of the Transportation Code to provide that the jurisdiction of a municipal transit department does not include any territory within the boundaries of a federal military installation that is located within the municipality's extraterritorial jurisdiction.

This bill would take effect July 1, 2011, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect October 1, 2011.

**Local Government Impact**

This bill affects the taxing jurisdiction of the City of El Paso. If the taxing jurisdiction of both the city and its municipal transit department were extended into the extraterritorial jurisdiction, the combined rate of local sales taxes could exceed two percent due to the imposition of an emergency services district tax in that area. The exclusion of the municipal transit department from the extension of the city's taxing jurisdiction into its extraterritorial jurisdiction should preclude the combined rate of local sales taxes from exceeding two percent. The effect on revenue collections for the area defined by this bill, the City of El Paso, cannot be determined.

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

**LBB Staff:** JOB, KK