

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 19, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3159 by Isaac (Relating to the allocation of sales and use tax after a municipality annexes land in an emergency services district and to the provision of emergency services in that area.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would amend Chapter 775, Health and Safety Code, relating to emergency services districts.

The bill would take effect September 1, 2013.

Local Government Impact

A new Section 775.0754 would be added to provide that when a municipality annexes for full purposes part of a district that imposes a sales and use tax and the annexed area is not removed from the district, the municipality and the district may agree on an allocation between them of revenue from the sales and use tax imposed in the annexed area, and a municipality that enters an agreement under this section is not required to provide emergency services in the annexed area.

A new Section 775.0755 would be added to provide that when a municipality and a district do not enter an agreement with respect to allocation of tax revenue from an annexed area, the sales and use tax rate for the municipality and the sales and use tax rate for the district would both be reduced in an amount equal to one-half of the amount that the combined sales and use tax rate in the area from all sources exceeds two percent.

The bill provides for the possibility of a different allocation between a municipality and an emergency services district of sales and use tax revenue from an annexed area in the district than that provided by Section 321.102(f), Tax Code, but does not affect the total tax that may be imposed in an annexed area. There would be no fiscal impact for the state, nor any aggregate fiscal impact for units of local government.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD

