

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

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**May 8, 2015**

**TO:** Honorable Jane Nelson, Chair, Senate Committee on Finance

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** **HB157** by Larson (Relating to the rates of sales and use taxes imposed by municipalities; authorizing an increase or decrease in the rate of those taxes.), **As Engrossed**

**No fiscal implication to the State is anticipated.**

The bill would amend Chapters 334, 363, 504 and 505 of the Local Government Code, and Chapters 321 and 327 of the Tax Code, regarding the sales and use tax rates that a municipality may impose.

The bill would provide that the tax rates for the sales and use taxes imposed by municipalities could be adopted in any increment of one-eighth of one percent that a municipality determines is appropriate, provided the rate does not result in a combined rate of local sales and use tax rates in excess of a maximum combined rate of two percent in any location.

The bill would take effect September 1, 2015.

**Local Government Impact**

The extent to which municipalities might adopt new, or increase or decrease existing, municipal sales and use taxes given greater latitude in rate setting cannot be anticipated.

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

**LBB Staff:** UP, KK, SD