

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 20, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1158 by Hall (Relating to a county jail sales and use tax; authorizing a tax.), **As Introduced**

<p>No fiscal implication to the State is anticipated.</p>
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The bill would add a new Chapter 328 to Title 3 of the Tax Code to provide for a county jail sales and use tax. The provisions of Chapter 323 (County Sales and Use Tax Act) would apply to the new tax, except to the extent of conflict with provisions of Chapter 328.

The new tax would be authorized in a county with a population of less than 50,000, the northern boundary of which borders the South Sulphur River. An election would be required to adopt or increase the tax; the tax could be decreased or abolished by order of the commissioners court.

The tax could be imposed at a rate of one-eighth, one-fourth, three-eighths, or one-half of one percent. The tax would not be counted for purposes of any limit on combined local tax rates.

Revenue from the tax could be used only to pay the principal of and interest on voter-approved bonds for the construction, renovation, or extension of a county-owned jail. The county would abolish the tax when the bonds are fully paid.

The bill would take effect immediately if it receives a vote of two-thirds of the membership of each house of the Legislature, otherwise it would take effect September 1, 2015.

Local Government Impact

Section 323.101(d) prohibits adoption of a county sales and use tax that would result in local sales taxes at a combined rate in excess of two percent, but would not apply with respect to the tax authorized by this bill. Currently, the County of Hopkins imposes a county sales and use tax at a rate of one-half of one percent, and the City of Sulphur Springs imposes municipal sales and use taxes at a rate of 1.5 percent.

Whether, when, and at what rate the county jail tax might be imposed is not known, consequently the fiscal implications for the affected county cannot be determined. However, based on allocations data for the extant county tax, adoption of a county jail sales and use tax at a rate of one-half of one percent in Hopkins County would be expected to yield approximately \$1.9 million on an annual basis.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD