

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 16, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2182 by Reynolds (Relating to the authority of a county assistance district to impose a sales and use tax.), **As Engrossed**

<p>No fiscal implication to the State is anticipated.</p>
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Local Government Impact

The bill would amend Chapter 387, Local Government Code, regarding determination of the permissible sales tax rate of a county assistance district.

Sections 387.003 and 387.007 would be amended to provide that certain areas within a county assistance district are to be excluded from the district in determining the combined local sales tax rate subject to the maximum combined local sales tax rate limitation of two percent prescribed in Sections 321.101 and 323.101, Tax Code. The areas to be excluded would be: 1) rights-of-way, and 2) any area in which a county facility is located and in which no place of business with a sales tax permit is located.

The effect of the bill would be to authorize a county to adopt a county assistance district sales tax at a rate that would result in a combined local sales tax rate greater than two percent in rights-of-way and in areas which include a county facility but do not include a sales tax-permitted place of business. The bill would not limit the extent of area in which a county facility is located. If such an area were to include residential property, the combined local sales tax rate applicable to telecommunications service, cable television service, or garbage collection service sold to residential customers within an area excluded from the combined rate limit determination could exceed two percent. Also, the combined tax rate on sales by businesses that located within an excluded area after adoption of the county assistance district tax rate could exceed two percent.

The bill would take effect immediately upon enactment, assuming it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2017.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD