

BILL ANALYSIS

H.B. 279
By: Craddick
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

It has been suggested that local residents would benefit from the adoption of a sales and use tax by the Midland County Hospital District of Midland County, Texas. H.B. 279 provides for such a tax.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 279 amends the Special District Local Laws Code to authorize the Midland County Hospital District of Midland County, Texas, to adopt, change the rate of, or abolish a sales and use tax at an election held in the district and to use revenue from the tax for any purpose of the district authorized by law. The bill prohibits the district from adopting a sales and use tax or increasing the rate of the tax if as a result of the adoption of the tax or the tax increase the combined rate of all sales and use taxes imposed by the district and all other political subdivisions of the state having territory in the district would exceed two percent in any location in the district. The bill makes the County Sales and Use Tax Act applicable to a district sales and use tax in the same manner as that act applies to the tax authorized by the act, except to the extent that a district sales and use tax provision of the bill applies.

H.B. 279 authorizes the district to impose a sales and use tax in increments of one-eighth of one percent, with a minimum rate of one-eighth of one percent and a maximum rate of two percent, and to increase the rate of the tax to a maximum of two percent or decrease the rate of the tax to a minimum of one-eighth of one percent if the change is approved by a majority of the voters of the district at an election called for that purpose. The bill establishes that an election to adopt, change the rate of, or abolish a district sales and use tax is called by the adoption of an order of the district's board of directors. The bill authorizes the board to call an election on its own motion and requires the board to call an election if a number of qualified voters in the district equal to at least five percent of the number of registered voters in the district petition the board to call the election. The bill provides for the effective date of a district sales and use tax.

H.B. 279 establishes that if the district is included within the boundaries of another taxing authority, defined by the bill as any entity authorized to impose a local sales and use tax, and the adoption or increase in the rate of a district sales and use tax would result in a combined tax rate by the district and other political subdivisions of the state of more than two percent at any

location in the district, an election to approve or increase the rate of the tax has no effect unless one or more of the other taxing authorities holds an election in accordance with the law governing that authority on the same date as the district election to reduce the tax rate of that authority to a rate that will result in a combined tax rate by the district and other political subdivisions of not more than two percent at any location in the district and the combined tax rate is reduced to not more than two percent as a result of that election. These provisions of the bill expressly do not permit a taxing authority to impose taxes at differential tax rates within the territory of the authority.

H.B. 279 amends the Tax Code to exclude the district's sales and use tax from the definition of "additional sales and use tax" applicable to property tax assessment provisions.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2019.