

BILL ANALYSIS

Senate Research Center
86R2634 SMT-D

S.B. 288
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Finance
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

County assistance districts (CAD) sometimes compete with municipalities over a property. In Fort Bend County, the City of Houston has strip-annexed commercial property to the exclusion of local CADs, preventing the county from improving certain roads with funds collected from sales tax around such roads' locations because other taxing entities have met the sales tax cap in that geography.

S.B. 288 does not allow the imposition nor collection of any new tax. Rather, S.B. 288 will allow CADs to annex county roads, county parks, and county facilities to spend the money already collected by the CAD within the annexed property. S.B. 288 allows counties to fund roads and facilities with existing sales taxes, potentially reducing the use of property taxes for these matters.

Support should come from CADs similarly situated to Fort Bend County. There is no known opposition at this time.

As proposed, S.B. 288 amends current law relating to the authority of a county assistance district to impose a sales and use tax.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 387.003, Local Government Code, by amending Subsection (g) and adding Subsection (1), as follows:

(g) Creates an exception under Section 387.007(d) to provide that the sales and use tax is imposed in the area in which an election is held.

(1) Provides that, in determining the combined tax rate under Subsections (b) (relating to an order calling the election), (f) (authorizing the commissioners court to call an election to be held in an area of the county that is not located in a district created under this section), and (h) (relating to more than one election to authorize a local sales and use tax being held), the following are considered to not be included in the territory of the proposed district or the area proposed to be added to the district:

(1) rights-of-way; and

(2) any county-owned property that is being used for a public purpose and in which no person has a place of business to which a sales tax permit has been issued under Subchapter F (Sales Tax Permits), Chapter 151 (Limited Sales, Excise and Use Tax), Tax Code.

SECTION 2. Amends Section 387.007, Local Government Code, by adding Subsections (c) and (d), as follows:

(c) Provides that, in determining the combined tax rate under Subsection (b), the following are considered to not be included in the territory of the district:

(1) rights-of-way; and

(2) any county-owned property that is being used for a public purpose and in which no person has a place of business to which a sales tax permit has been issued under Subchapter F, Chapter 151, Tax Code.

(d) Provides that a sales and use tax adopted under this chapter (County Assistance District) does not apply to an area described by Subsection (c) if the combined rate of all local sales and use taxes imposed in that area would exceed the maximum combined rate prescribed by Sections 321.101 (Tax Authorized) and 323.101 (Tax Authorized), Tax Code.

SECTION 3. Effective date: upon passage or September 1, 2019.