

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 30, 2019

TO: Honorable Dustin Burrows, Chair, House Committee on Ways & Means

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: **HB3160** by Raymond (relating to an election in certain municipalities to convert all or a portion of a sales and use tax originally adopted for the purpose of sports and community venues to a sales and use tax for economic development purposes.), **Committee Report 1st House, Substituted**

No fiscal implication to the State is anticipated.

The bill would amend Chapters 334, 504, and 505 of the Local Government Code regarding the municipal sales and use tax for sports and community venues and economic development corporations.

Sections 504.263 and 505.260 would be added to authorize municipalities that meet certain conditions to convert all or a portion of a sales and use tax originally adopted for sports and community venues, to a sales and use tax for Type A and Type B economic development corporations, if the conversion is approved at an election by voters in the municipality. An eligible municipality is one that has: a population of more than 200,000 that borders the United Mexican States; adopted a sports and community venues sales and use tax; and as of September 1, 2019 has or will have outstanding bonds, issued under Section 334.043 to pay for the cost of approved venue projects, that are partly or wholly payable from the related sales and use tax.

Section 334.090 would be added to provide that a sales and use tax for sports and community venues is abolished or reduced on the effective date of a conversion of all or a portion of the tax under new Sections 504.263 or 505.260.

An adopted sales and use tax conversion would become effective on the first day after the date all bonds issued under Section 334.043 to pay for the cost of approved venue projects have been paid in full, or the full amount necessary to pay the bonds in full has been set aside in a trust account dedicated to the payment of bonds and other obligations.

The conversion of all or a portion of a sales and use tax under Sections 504.263 and 505.260 does the following: abolish or reduce a sports and community venues sales and use tax rate under Section 334; impose a sales and use tax rate at the same rate as the tax under Section 334 was imposed if that tax is abolished, or at a rate equal to the reduction in the tax rate under Section 334 if that rate is reduced; and may not affect the combined rate of all local sales and use taxes imposed.

This bill would require municipalities that adopt a sales and use tax conversion to notify the

Comptroller not later than the 60th day before the effective date of the conversion.

The Comptroller of Public Accounts indicates the bill would have no state revenue implications.

This 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, 2019.

Local Government Impact

The bill would amend the Local Government Code regarding the municipal sales and use tax for sports and community venues and economic development corporations. The revenue implications of the bill cannot be estimated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: WP, KK, SD, SJS