

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**  
**Revision 2**

**May 2, 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:** **HB4621** by Huberty (relating to the state sales tax rate and the use of certain revenue from state sales and use taxes to reduce school district maintenance and operations ad valorem tax rates; increasing the rate of a tax.), **Committee Report 1st House, Substituted**

**Enactment of the bill is contingent on the passage of House Joint Resolution 3, therefore the fiscal impact is discussed in the fiscal note for HJR 3.**

The bill would amend Chapter 151, Tax Code to provide for an increase in the sales tax rate.

Section 151.051(b) would be amended to provide that the sales tax rate is 7.25 percent.

Added Section 151.804 would provide that the proceeds from the collection of taxes under Chapter 151 attributable to the portion of the tax rate in excess of 6.25 percent may be used only to provide property tax relief through reduction of the state compression percentage, as defined by Texas Education Code, Section 42.2516 (a).

The bill would take effect January 1, 2020, but only if the constitutional amendment proposed by the 86th Legislature, Regular Session providing property tax relief by reducing school district maintenance and operations ad valorem tax rates and increasing the state sales and use tax rate is approved by the voters. Therefore the fiscal impacts of the bill are shown in the fiscal note for House Joint Resolution 3.

The bill would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either in, with, or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

**Local Government Impact**

The fiscal implication to units of local government are discussed in the fiscal note for House Joint Resolution 3.

**Source Agencies:** 304 Comptroller of Public Accounts, 701 Texas Education Agency

**LBB Staff:** WP, KK, SD