

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 12, 2019

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

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

IN RE: SB288 by Miles (Relating to the authority of a county assistance district to impose a sales and use tax.), **As Introduced**

No fiscal implication to the State is anticipated.

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 (municipal sales and use tax) and 323.101 (county sales and use tax) of the Tax Code. The areas to be excluded would be: 1) rights-of-way, and 2) any county-owned property used for a public purpose and in which no person has a place of business with a sales tax permit.

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.

The bill would have no state revenue implications.

Local Government Impact

Added Subsection (l) of Section 387.003, Local Government Code, and added Subsection (c) of Section 387.007, would exclude certain areas from consideration in the calculation of the combined tax rate for purposes of limiting the maximum combined tax rate. But added Subsection (d) of Section 387.007 would provide that a sales and use tax adopted under Chapter 387 does not apply in the pertinent areas if the combined rate in those areas would exceed the maximum rate. It is not clear what event could trigger the application of the added Subsection (d), because the areas in which the subsection would proscribe application of tax would be omitted from the calculation necessary to determine whether the tax could apply. Therefore, the effect for units of local government cannot be determined.

According to the Texas Association of Counties, no fiscal implication to counties is anticipated.

Source Agencies: 304 Comptroller of Public Accounts
LBB Staff: WP, KK, SD, AF