

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 25, 2021

TO: Honorable Paul Bettencourt, Chair, Senate Committee on Local Government

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB402 by Johnson (Relating to the municipal sales and use tax for street maintenance.), **As Introduced**

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| No fiscal implication to the State is anticipated. |
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The bill would amend Chapter 327 of the Tax Code regarding the municipal sales and use tax for street maintenance.

The bill would amend Section 327.007 by amending Subsections (a) and (b) and adding Subsection (b-1) to provide only a municipality in which a majority of the voters voting in each of the last two consecutive elections concerning the adoption or reauthorization of the municipal sales and use tax for street maintenance favored adoption or reauthorization of the tax and in which the tax has not expired since the first of those two consecutive elections. The bill would allow a municipality to call an election to reauthorize the tax for a period of eight or ten years, instead of four.

The bill would amend Section 327.008 to require that the revenue from the municipal sales and use tax for street maintenance be used only to maintain and repair: a municipal street or sidewalk; or water, wastewater, or storm water system located in the width of a way of a municipal street.

The 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, 2021.

Local Government Impact

The number of municipalities holding successful future elections to adopt or reauthorize the municipal sales and use tax for street maintenance is unknown, therefore the fiscal implications for units of local government cannot be determined at this time.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, AF, SD, KK