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

**FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION**

**March 24, 2023**

**TO:** Honorable Morgan Meyer, Chair, House Committee on Ways & Means

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE:** **HB640** by Johnson, Julie (Relating to the municipal sales and use tax for street maintenance.), **As Introduced**

**No fiscal implication to the State is anticipated.**

The bill would have no state revenue impact.

## Local Government Impact

The bill would amend Chapter 327 of the Tax Code relating to municipal sales and use tax for street maintenance.

The bill would amend Section 327.007 by removing language specific to certain municipalities that allows those municipalities to reauthorize the street maintenance sales and use tax every 8 or 10 years. The bill would allow any municipality that has had 2 successful consecutive elections where a majority of voters favored adoption or reauthorization of the street maintenance sales and use tax, to extend the imposition of the municipal sales and use tax for street maintenance for 8 or 10 years.

The bill would amend Section 327.008, Tax Code, relating to use of the revenue imposed under this Chapter, to include maintenance and repairs to a street or sidewalk; or water, wastewater, or stormwater system located in the width of a way of a municipal street as eligible uses of the tax imposed under this chapter.

Most municipalities must vote to reauthorize the municipal sales and use tax for street maintenance every 4 years. This bill would allow any municipality to extend that to 8 or 10 years if approved at two consecutive elections.

**Source Agencies:** 304 Comptroller of Public Accounts
**LBB Staff:** JMc, KK, SD