

SUBJECT: Extending local sales taxes approved for economic development

COMMITTEE: Economic Development — favorable, without amendment

VOTE: 7 ayes — Oliveira, Yarbrough, Keffer, Luna, Raymond, Seaman, Siebert

0 nays

2 absent — Greenberg, Van de Putte

WITNESSES: None

BACKGROUND : Section 4A of the Economic Development Corporation Act of 1979 allows economic development corporations to levy up to a half-cent sales and use tax for certain projects if approved by voters. Cities also can allow voters to limit the length of time that the tax is imposed. The tax expires at the end of the time limit or earlier if repealed by voters. A tax that is approved without a time limit is effective until repealed by voters. A city that has imposed a tax with a time limit approved by voters is prohibited from extending the time period or reimposing the tax after the expiration date.

Pampa is the only city currently imposing a tax with an expiration date under section 4A of the Economic Development Corporation Act. The sales tax is scheduled to expire in 2001.

DIGEST: HB 1310 would amend sec. 4A of the act to allow cities to extend or reimpose the sales tax if approved by voters. The bill would take immediate effect if finally approved by a two-thirds record vote of the membership in each house.