

SUBJECT: Allowing San Antonio advanced transportation district to raise sales tax

COMMITTEE: Ways and Means — favorable, without amendment

VOTE: 6 ayes — Burrows, Guillen, Cole, Murphy, E. Rodriguez, Wray

3 nays — Bohac, Noble, Sanford

2 absent — Martinez Fischer, Shaheen

WITNESSES: For — Hope Andrade, VIA Metropolitan Transit; (*Registered, but did not testify*: Jeff Coyle, City of San Antonio; Mackenna Wehmeyer, North San Antonio Chamber; Christopher Shields, Port San Antonio; Chelsy Hutchison, Real Estate Council of San Antonio; Gerald Lee, San Antonio Chamber of Commerce; Sophie Torres, San Antonio Hispanic Chamber of Commerce; Victor Boyer, San Antonio Mobility Coalition, Inc.; JJ Rocha, Texas Municipal League; Leroy Alloway, Jon Gary Herrera, and Rachel Benavidez, VIA Metropolitan Transit; Kristi Villanueva, VIA Metropolitan Transit, West San Antonio Chamber; Ashley Harris, Visit San Antonio; Pete Arguello; Jeffrey Arndt; Louis Cooper; Eloy LaQue)

Against — (*Registered, but did not testify*: Dale Craymer, Texas Taxpayers and Research Association)

BACKGROUND: Transportation Code ch. 451 governs metropolitan rapid transit authorities, which are public entities with the power to acquire, construct, develop, own, operate, and maintain a transit authority system within its territory, including the territory of a political subdivision. An authority may impose any kind of tax except for a property tax.

Sec. 451.702 allows the board of an authority in which a 0.5 percent sales and use tax is imposed and in which the principal city has a population of more than 1.3 million (San Antonio) to order an election to create an advanced transportation district. The district would impose the tax for advanced transportation and mobility enhancement, including light rail, traffic management systems, and other advanced transportation facilities.

Sec. 451.405(a) prohibits an authority from adopting a sales and use tax rate that exceeds 2 percent in any location when combined with the rates of all sales and use taxes imposed by other political subdivisions with territory in the authority.

In November 2004, voters in San Antonio approved the formation of the Advanced Transportation District (ATD) with an imposed sales tax of 0.25 percent, the revenues of which are split between the city, the VIA Metropolitan Rapid Transit Authority, and the Texas Department of Transportation.

DIGEST:

HB 3258 would allow the board of a metropolitan rapid transit authority containing an advanced transportation district to order an election to increase the district's sales and use tax rate up to 0.5 percent, by an increment of 0.125 percent.

The registered voters of the district by petition could require an election to increase the sales and use tax. A petition would be valid if it was submitted to the board and signed by at least 10 percent of the district's registered voters. The bill would require the board to submit the petition to the secretary of state, who would determine its validity within 30 days after receiving it and notify the board of the result.

The board would have to call an election if the petition was valid or if the secretary failed to act. The authority would pay the costs of determining the validity of the petition and the costs of the election.

The district could not adopt or increase a sales and use tax rate if the combined rate of all sales and use taxes imposed by all political subdivisions in a location of the district would exceed 2.5 percent.

The rate change would take effect if a majority of the votes favored the proposition to increase the tax rate, unless an election held on the same day would increase the combined rate over 2.5 percent.

The bill would take effect September 1, 2019.

**SUPPORTERS  
SAY:**

HB 3258 would give the board of the VIA Metropolitan Transit Authority the ability to petition for an election to increase the sales tax within the boundaries of San Antonio's Advanced Transportation District (ATD). The region is significantly behind its peers in Austin, Dallas, and Houston regarding available funding for robust transit services to help with congestion management. Currently, the ATD imposes a 0.25 percent sales tax, which is split among the city, county, and VIA, and does not cover the transportation needs for the fastest-growing community in the United States. This local bill would allow San Antonio to reach parity with other major transit agencies and help provide organized traffic solutions for the region.

The bill is not about raising taxes but rather giving the community the ability to invest more local funds into local mobility solutions. It would be up to the local voters as to whether they wanted to raise the sales tax within the ATD to catch up with investments made by other communities. Unlike those communities, San Antonio does not have toll roads to generate transportation finances and needs a different stream of revenue.

**OPPONENTS  
SAY:**

HB 3258 would expand certain local jurisdictions' authority to collect sales tax, preventing the state from using that money. The sales tax has historically been an important source of revenue for Texas, and local authorities have not exceeded the 2 percent cap. It would be prudent policy to reserve the authority to increase of the sales tax for the state in case the Legislature needed more funding for statewide priorities such as school finance or property tax reform.