

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1511
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State Affairs
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Committee Report (Substituted - REVISED)

DIGEST

Currently, certain local government entities may levy local taxes, including a county sales tax and a metropolitan transit authority (MTA) tax. However, state law prohibits local taxes from exceeding a total of 2 percent. Sometimes an MTA tax imposed within a small area of a county limits the amount of sales tax the county can levy. Therefore, a county, specifically Waller County, may not be able to raise enough revenue to pay for necessary county services. C.S.S.B. 1511 sets forth provisions regarding the creation of a county assistance district in certain counties in which a rapid transit or regional transportation authority is located.

PURPOSE

As proposed, C.S.S.B. 1511 sets forth provisions regarding the creation of a county assistance district in certain counties in which a rapid transit or regional transportation authority is located.

RULEMAKING AUTHORITY

Rulemaking authority is granted to a county assistance district in SECTION 1 (Section 384.006(a)(5), Chapter 21B, Local Government Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 12B, Local Government Code, by adding Chapter 384, as follows:

CHAPTER 384. COUNTY ASSISTANCE DISTRICT

Sec. 384.001. DEFINITION. Defines “district.”

Sec. 384.002. APPLICABILITY. Specifies the applicability of this chapter to a population of less than 25,000 and any portion of which is included in an authority governed by Chapter 451 or 452, Transportation Code.

Sec. 384.003. CREATION AND FUNCTIONS OF DISTRICT. Authorizes the commissioners court of the county to call an election on the question of creating a county assistance district (district) under this chapter to perform certain functions regarding highways, law enforcement, and parks and library maintenance for the district. Sets forth requirements for the order calling for the district. Sets forth wording for the ballot for an election of the question. Establishes that the district is created if a majority of the votes favor the creation of the district. Authorizes the commissioners court to call an election to be held in an area of the county that is not located in a district created under this section to determine whether the area should be included in the district and whether the district’s sales and use tax should be imposed in the area. Prohibits the election from being held in an area that is included in certain authorities. Provides that the area is included in the district and the sales and use tax is imposed if a majority of the votes received at the election favor inclusion in the district and imposition of the sales and use tax.

Sec. 384.004. POLITICAL SUBDIVISION. Provides that a district is a political subdivision of the state.

Sec. 384.005. GOVERNING BODY. Provides the commissioners court is the governing body of the district. Establishes that a member of the court is not entitled to compensation for service on the governing body of the district but is entitled to reimbursement for certain expenses.

Sec. 384.006. GENERAL POWERS OF DISTRICT. Sets forth the powers of the district, including accepting grants, employing personnel, and adopting rules to govern the operation of the district and its employees and property. Authorizes the district to contract with a public or private person to perform a district's act. Prohibits the district from levying an ad valorem tax.

Sec. 384.007. SALES AND USE TAX. Authorizes a district to impose a sales and use tax to finance the operations of the district if the tax is approved at an election held under Section 384.003. Prohibits the district from adopting a sales use tax under this chapter if the tax would result in a combined tax rate of all local sales use taxes of more than 2 percent in any location in the district.

Sec. 384.008. TAX CODE APPLICABLE. Establishes that Chapter 323, Tax Code, governs aspects of the tax authorized under this chapter, except as inconsistent with this chapter. Provides that Section 323.101(b), Tax Code, does not apply to a tax authorized by this chapter.

Sec. 384.009. TAX RATE. Provides that the rate of the tax must be one-eighth, one-fourth, three-eighths, or one-half of one percent.

Sec. 384.010. REPEAL OR RATE CHANGE. Authorizes a district that has imposed the tax to change the rate of the tax or repeal the tax if the change or repeal is approved by a majority of the votes received in the district at an election held for that purpose. Authorizes the tax to be changed in one or more increments of one-eighth of one percent to a maximum of one-half of one percent. Sets forth required language for a ballot to change the tax and to repeal the tax.

Sec. 384.011. IMPOSITION OF TAX. Imposes the tax on the receipts from the sale at retail of taxable items in the district at the rate approved at the election. Provides that there is also imposed an excise tax on the use, storage, or other consumption in the district of tangible personal property purchased, leased, or rented from a retailer during the period that the tax is effective in the district. Provides that the rate of the excise tax is the same rate as the sales tax portion of the tax and is applied to the sales price of the tangible personal property.

Sec. 384.012. EFFECTIVE DATE OF TAX. Establishes that the tax effect, change, or repeal takes effect by a certain date.

SECTION 2. Emergency clause.

Effective date: upon passage.

SUMMARY OF COMMITTEE CHANGES

Relating clause.

Regarding the creation of a county assistance district in certain counties in which a rapid transit or regional transportation authority is located, rather than amending the power of certain counties and rapid transit and regional transportation authorities within those counties to adopt or impose sales and use taxes.

SECTION 1.

Adds Chapter 384, Title 12B, Local Government Code, regarding a county assistance district.

Deletes proposed changes to Subsections (b) and (c), Section 323.101, Tax Code, regarding the qualification of a county to impose certain taxes.

SECTION 2.

Changes the effective date from September 1, 1999, to upon passage.

Redesignates SECTION 3 regarding the emergency clause to SECTION 2.