

BILL ANALYSIS

Senate Research Center
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S.B. 1158
By: Hall
Finance
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Hopkins County was tasked by the Texas Jail Commission to find alternative facilities to house their inmates. After a vote by the people, Hopkins County citizens voted for a \$16 million bond package that caused a seven cent property tax increase. Through the 22 public meetings held by the Commissioners Court to pass the bond, many citizens suggested increasing the sales tax to pay for the jail construction project. Since the commissioners court does not have the authority to offer such relief, the county commissioners, county judge, sheriff, and concerned citizens came to legislature to seek relief.

SB 1158 would allow the citizens of Hopkins County to vote on which method of funding they prefer: property tax that is seven cents higher or a one-half cent sales tax increase. If the one-half cent sales tax is passed, all funds collected would be placed in trust and dedicated to payment of the \$16 million bond package AND the property tax would be reduced to the previous rate. As a result of the on-half cent sales tax, the bond would be paid off in 10 years rather than 20 years, at which time the tax would cease to exist. In addition, the one-half cent sales tax would potentially save the taxpayers \$2.7 million in interest.

As proposed, S.B. 1158 amends current law relating to a county jail sales and use tax, and authorizes a tax.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subtitle C, Title 3, Tax Code, by adding Chapter 328, as follows:

CHAPTER 328. COUNTY JAIL SALES AND USE TAX

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 328.001. COUNTY SALES AND USE TAX ACT APPLICABLE. Provides that, except to the extent that a provision of this chapter applies, Chapter 323 (County Sales and Use Tax Act) applies to the tax authorized by this chapter in the same manner as that chapter applies to the tax authorized by that chapter.

SUBCHAPTER B. IMPOSITION OF TAX

Sec. 328.051. TAX AUTHORIZED. (a) Authorizes a county with a population of less than 50,000, the northern boundary of which borders the South Sulphur River, to adopt or increase the sales and use tax authorized by this chapter at an election held in the county.

(b) Authorizes a county to decrease or abolish the sales and use tax authorized by this chapter by order adopted by the commissioners court of the county.

(c) Requires a county to abolish a tax under this chapter when all bonds described by Section 328.151 are fully paid.

(d) Provides that a tax under this chapter is not counted for purposes of any limit on combined local tax rates.

Sec. 328.052. TAX RATE. (a) Authorizes the tax authorized by this chapter to be imposed at the rate of one-eighth, one-fourth, three-eighths, or one-half of one percent.

(b) Authorizes the rate to be reduced in one or more increments of one-eighth of one percent to a minimum of one-eighth of one percent or increased in one or more increments of one-eighth of one percent to a maximum of one-half of one percent, or the tax may be abolished.

Sec. 328.053. SALES AND USE TAX EFFECTIVE DATE. (a) Provides that the adoption, increase, decrease, or abolition of the tax takes effect on the first day of the first calendar quarter occurring after the expiration of the first complete calendar quarter occurring after the date on which the comptroller of public accounts of the State of Texas (comptroller) receives notice of the results of the election or a copy of the commissioners court order, as applicable.

(b) Provides that if the comptroller determines that an effective date provided by Subsection (a) will occur before the comptroller can reasonably take the action required to begin collecting the tax or to implement the increase, decrease, or abolition of the tax, the effective date may be extended by the comptroller until the first day of the next succeeding calendar quarter.

SUBCHAPTER C. TAX ELECTION PROCEDURES

Sec. 328.101. ELECTION PROCEDURE. (a) Provides that an election to adopt or increase the tax authorized by this chapter is called by the adoption of an order by the commissioners court of the county. Requires the commissioners court to call an election if a number of qualified voters of the county equal to at least five percent of the number of registered voters in the county petitions the commissioners court to call the election.

(b) Requires that the ballot, at an election to adopt the tax, be prepared to permit voting for or against the proposition and sets forth the required language of the ballot.

(c) Requires that the ballot, at an election to increase the tax, be prepared to permit voting for or against the proposition and sets forth the required language of the ballot.

SUBCHAPTER D. USE OF TAX REVENUE

Sec. 328.151. USE OF TAX REVENUE. Provides that revenue from the tax imposed under this chapter is authorized only to pay the principal of and interest on voter-approved bonds for the construction, renovation, or extension of a county-owned jail operated under Chapter 351 (County Jails and Law Enforcement), Local Government Code.

SECTION 2. Effective date: upon passage or September 1, 2015.