

## **BILL ANALYSIS**

Senate Research Center  
86R9841 JXC-D

H.B. 4748  
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Intergovernmental Relations  
5/16/2019  
Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

It is noted that “municipal management districts” or “management districts” have been used in the Greater Houston area since the early 1980s to allow commercial property owners to work together to supplement city and county services and improvements. Management districts may promote neighborhood revitalization, which can include landscaping and beautification of esplanades as well as construction of sidewalks and installation of additional lighting and other pedestrian improvements.

Generally, management districts finance these services and improvements through the levy of assessments on commercial property, or in some instances, ad valorem taxes, subject to following appropriate procedures. Management districts may also levy sales and use taxes, or even hotel occupancy taxes, which require authorization under a special law.

H.B. 4748 seeks to allow the Near Northside Management District, located in Kashmere Gardens, near Houston, Texas, the ability to adopt a sales and use tax if authorized by a majority of the voters in that district voting at an election held for that sole purpose.

H.B. 4748 amends current law relating to the authority of the Near Northside Management District to impose a sales and use 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 Chapter 3905, Special District Local Laws Code, by adding Subchapter F, as follows:

#### **SUBCHAPTER F. SALES AND USE TAX**

Sec. 3905.251. **APPLICABILITY OF CERTAIN TAX CODE PROVISIONS.** (a) Provides that Chapter 321 (Municipal Sales and Use Tax Act), Tax Code, governs the imposition, computation, administration, enforcement, and collection of the sales and use tax authorized by this subchapter (General Provisions) except to the extent Chapter 321, Tax Code, is inconsistent with this chapter (Near Northside Management District).

(b) Provides that, for the purposes of this subchapter, a reference in Chapter 321, Tax Code, to a municipality or the governing body of a municipality is a reference to the Near Northside Management District (district) or the director's board of directors (board), respectively.

Sec. 3905.252. **ELECTION; ADOPTION OF TAX.** (a) Authorizes the district to adopt a sales and use tax if authorized by a majority of the voters of the district voting at an election held for that purpose.

(b) Authorizes the board by order to call an election to authorize the adoption of the sales and use tax. Authorizes the election to be held on any uniform election date and in conjunction with any other district election.

(c) Authorizes the district to provide notice of the election and requires the district to hold the election in the manner prescribed by Section 3905.201 (Exception For Dissolution of District With Outstanding Debt).

(d) Requires the ballot to be printed to provide for voting for or against the proposition and include certain language.

Sec 3905.253. SALES AND USE TAX RATE. (a) Requires the board, after the date the results are declared of an election held under Section 3905.252 at which the voters authorized imposition of a tax, to provide by resolution or order the initial rate of the tax, which is required to be in one or more increments of one-eighth of one percent.

(b) Authorizes the board, after the authorization of a tax under Section 3905.252, to increase or decrease the rate of the tax by one or more increments of one-eighth of one percent.

(c) Prohibits the board from decreasing the rate of the tax if the decrease would impair the repayment of any outstanding debt or obligation payable from the tax.

(d) Prohibits the initial rate of the tax or any rate resulting from subsequent increases or decreases from exceeding the lesser of:

(1) the maximum rate authorized at the election held under Section 3905.252; or

(2) a rate that, when added to the rates of all sales and use taxes imposed by other political subdivisions with territory in the district, would result in the maximum combined rate prescribed by Section 321.101(f) (relating to prohibiting a municipality from adopting or increasing a sales and use tax or an additional sales and use tax if as a result of the adoption or increase of the tax the combined rate of all sales and use taxes imposed by the municipality and other political subdivisions of this state having territory in the municipality would exceed two percent at any location in the municipality), Tax Code, at any location in the district.

(e) Requires the board, in determining whether the combined sales and use tax rate under Subsection (d)(2) would exceed the maximum combined rate prescribed by Section 321.101(f), Tax Code, at any location in the district, to include:

(1) any sales and use tax imposed by a political subdivision whose territory overlaps all or part of the district;

(2) any sales and use tax to be imposed by the city or the county as a result of an election held on the same date as the election held under Section 3905.252; and

(3) any increase to an existing sales and use tax imposed by the city or the county as a result of an election held on the same date as the election held under Section 3905.252.

Sec. 3905.254. NOTIFICATION OF RATE CHANGE. Requires the board to notify the comptroller of public accounts of the State of Texas (comptroller) of any changes made to the tax rate under this subchapter in the same manner the municipal secretary provides notice to the comptroller under Section 321.405(b) (relating to requiring the municipal secretary to send to the comptroller by United States certified or registered mail a

certified copy of the resolution or the ordinance along with a map of the municipality clearly showing its boundaries), Tax Code.

Sec. 3905.255. USE OF REVENUE. Provides that the revenue from the sales and use tax imposed under this subchapter is for the use and benefit of the district and is authorized to be used for any district purpose. Authorizes the district to pledge all or part of the revenue to the payment of bonds, notes, or other obligations, and that pledge of revenue is authorized to be in combination with other revenue, including tax revenue, available to the district.

Sec. 3905.256. ABOLITION OF TAX. (a) Authorizes the board, except as provided by Subsection (b), to abolish the tax imposed under this subchapter without an election.

(b) Prohibits the board from abolishing the tax imposed under this subchapter if the district has any outstanding debt or obligation secured by the tax, and repayment of the debt or obligation would be impaired by the abolition of the tax.

(c) Requires the board, if the board abolishes the tax, to notify the comptroller of that action in the same manner the municipal secretary provides notice to the comptroller under Section 321.405(b), Tax Code.

(d) Provides that, if the board abolishes the tax or decreases the tax rate to zero, a new election to authorize a sales and use tax is required to be held under Section 3905.252 before the district is authorized to subsequently impose the tax.

SECTION 2. Provides that all requirements of the constitution and laws of this state and the rules and procedures of the legislature with respect to the notice, introduction, and passage of this Act have been fulfilled and accomplished.

SECTION 3. Effective date: upon passage or September 1, 2019.