

BILL ANALYSIS

Senate Research Center
78R2095 JD-D

S.B. 972
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Infrastructure Development and Security
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DIGEST AND PURPOSE

For the territory of a municipality to be added to a regional transportation authority, such as the Dallas Rapid Transit System, the citizens of the municipality must first approve the expansion through a referendum. Some municipalities cannot be added immediately because the addition of the authority's sales and use tax would, in combination with other municipal taxes, exceed the two percent cap that may be imposed in the territory of a municipality. As proposed, S.B. 972 authorizes certain municipalities to be added to the territory of a regional transportation authority by election, but would postpone the addition until currently imposed sales and use taxes are reduced to such a level that the imposition of the authority's sales and use tax would not exceed the two percent cap.

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 Subchapter P, Chapter 452, Transportation Code, by adding Section 452.6025, as follows:

Sec. 452.6025. ADDITION OF CERTAIN MUNICIPALITIES BY ELECTION. (a) Provides that this section applies only to a municipality that has created an industrial development corporation under Section 4A or 4B, Development Corporation Act of 1979 (Article 5190.6, V.T.C.S.) and levies a sales and use tax under Section 4A or 4B of that Act for the benefit of the corporation.

(b) Authorizes the territory of a municipality that is not part of an authority to be added to an authority in the manner otherwise provided by this subchapter, except that if addition of the territory of the municipality to the authority would impair the imposition of the authority's sales and use tax because the addition would result in a combined sales and use tax rate of more than two percent in the municipality, the election in a municipality to approve the addition of the municipality to the authority is to be treated for all purposes as an election to reduce the rate of the municipality's sales and use tax levied under Section 4A or 4B, Development Corporation Act of 1979 (Article 5190.6, V.T.C.S.), as applicable, to the highest rate that will not impair the imposition of the authority's sales and use tax and any outstanding bonds or other obligations that are payable in whole or in part from the proceeds of the sales and use tax levied under Section 4A or 4B of that Act, as applicable.

(c) Requires the governing body of a municipality, if the rate of the municipality's sales and use tax levied under Section 4A or 4B, Development Corporation Act of 1979 (Article 5190.6, V.T.C.S.), as reduced under Subsection (b), will impair the imposition of the authority's sales and use tax, to reduce the rate of the municipality's sales and use tax under Chapter 321, Tax Code, to the highest rate that, when combined with the reduced rate of the municipality's sales and use tax levied under Section 4A or 4B, Development Corporation Act of 1979 (Article

5190.6, V.T.C.S.), will not impair the imposition of the authority's sales and use tax.

(d) Provides that the rate of the municipality's sales and use tax under Chapter 321, as reduced under Subsection (c), remains in effect until a certain date.

(e) Provides that, on the earlier date under Subsection (d), the rate of the municipality's sales and use tax levied by the municipality under Section 4A or 4B, Development Corporation Act of 1979 (Article 5190.6, V.T.C.S.), is reduced to the highest rate that will not impair the imposition of the authority's sales and use tax and the rate of the municipality's sales and use tax under Chapter 321, Tax Code, is increased accordingly.

SECTION 2. Effective date: upon passage or September 1, 2003.