

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 972
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Infrastructure Development and Security
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Committee Report (Substituted)

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. C.S.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) Defines "special sales and use tax."

(b) Provides that this section applies only to a municipality that levies a special sales and use tax, that, when combined with a regional transportation authority's (authority) sales and use tax, would result in a sales and use tax rate of more than two percent in the municipality.

(c) Authorizes a municipality that is not part of an authority to be added to the territory of an authority on a date determined by the executive committee if certain conditions are met, notwithstanding Section 452.606.

(d) Provides that the election in a municipality to approve the addition of the municipality to the territory of the authority is to be treated for all purposes as an election to reduce the rate of the municipality's special sales and use tax, on the effective date determined by the executive committee, to the highest rate that will not impair the imposition of the authority's sales and use tax.

(e) Authorizes the executive committee and the governing body of the municipality to enter into an interlocal agreement that provides for the eventual admission of the municipality to the territory of the authority, at any time after the date of the election approving the addition of the municipality to the territory of the authority.

(f) Provides that a sales and use tax imposed by the authority takes effect on a certain date.

SECTION 2. Amends Section 4A, Development Corporation Act of 1979 (Article 5190.6, V.T.C.S.) by adding Subsection (o-1) to provide that this subsection applies only certain cities. Provides that a tax imposed by the city under this section is subject to reduction in the manner prescribed by Section 452.6025, Transportation Code.

SECTION 3. Amends Section 4B, Development Corporation Act of 1979 (Article 5190.6, V.T.C.S.) by adding Subsection (n-1) to make a conforming change.

SECTION 4. Amends Subchapter D, Chapter 363, Local Government Code, by adding Section 363.1541, as follows:

Sec. 363.1541. REDUCTION OF TAX RATE FOR CERTAIN DISTRICTS. (a) Provides that this section applies only to a district created by a municipality that has elected to be added to the territory of a regional transportation authority under Section 452.6025, Transportation Code.

(b) Requires the board of directors of a district to reduce the sales and use tax imposed for the benefit off the district to the highest rate that will not impair the imposition of the regional transportation authority's sales and use tax on or before the effective date of the addition of the municipality to the authority as determined by the executive committee of the regional transportation authority under Section 452.6025, Transportation Code.

SECTION 5. Amends Section 379A.082, Local Government Code, by adding Subsection (d) to make a conforming change.

SECTION 6. Effective date: upon passage or September 1, 2003.