

BILL ANALYSIS

Senate Research Center
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H.B. 279
By: Craddick (Seliger)
Health & Human Services
5/2/2019
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

H.B. 279 amends the Special District Local Laws Code to authorize the Midland County Hospital District (district) to amend the current sales and use tax. Under this legislation, the district is granted the ability to hold an election regarding the tax amendment and the district may use the tax revenue for the purpose of payment towards the hospital district.

H.B. 279 amends current law relating to authorizing the Midland County Hospital District of Midland County, Texas, 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 1061, Special District Local Laws Code, by adding Subchapter G, as follows:

SUBCHAPTER G. SALES AND USE TAX

Sec. 1061.301. TAX AUTHORIZED. (a) Authorizes the Midland County Hospital District (district) to adopt, change the rate of, or abolish a sales and use tax at an election held in the district.

(b) Prohibits the district from adopting a tax under this subchapter or increasing the rate of the tax if as a result of the adoption of the tax or the tax increase the combined rate of all sales and use taxes imposed by the district and all other political subdivisions of this state having territory in the district would exceed two percent in any location in the district.

Sec. 1061.302. APPLICABILITY OF OTHER LAW. Provides that, except to the extent that a provision of this subchapter applies, Chapter 323 (County Sales and Use Tax), Tax Code, applies to a tax authorized by this subchapter in the same manner as that chapter applies to the tax authorized by that chapter.

Sec. 1061.303. TAX RATE; CHANGE IN RATE. (a) Authorizes the district to impose a tax authorized by this subchapter in increments of one-eighth of one percent, with a minimum rate of one-eighth of one percent and a maximum rate of two percent.

(b) Authorizes the district to increase the rate of a tax authorized by this subchapter to a maximum of two percent or decrease the rate of the tax to a minimum of one-eighth of one percent if the change is approved by a majority of the voters of the district at an election called for that purpose.

Sec. 1061.304. ELECTION PROCEDURE. Provides that an election to adopt, change the rate of, or abolish a tax authorized by this subchapter is called by the adoption of an order of the board. Authorizes the board to call an election on its own motion and requires the

board to call an election if a number of qualified voters in the district equal to at least five percent of the number of registered voters in the district petitions the board to call the election.

Sec. 1061.305. ELECTION IN OTHER TAXING AUTHORITY. (a) Defines "taxing authority" in this section to mean any entity authorized to impose a local sales and use tax.

(b) Provides that if the district is included within the boundaries of another taxing authority and the adoption or increase in the rate of a tax under this subchapter would result in a combined tax rate by the district and other political subdivisions of this state of more than two percent at any location in the district, an election to approve or increase the rate of the tax has no effect unless:

(1) one or more of the other taxing authorities holds an election in accordance with the law governing that authority on the same date as the election under this subchapter to reduce the tax rate of that authority to a rate that will result in a combined tax rate by the district and other political subdivisions of not more than two percent at any location in the district; and

(2) the combined tax rate is reduced to not more than two percent as a result of that election.

(c) Provides that this section does not permit a taxing authority to impose taxes at differential tax rates within the territory of the authority.

Sec. 1061.306. TAX EFFECTIVE DATE. (a) Provides that the adoption, change in the rate of, or abolition of a tax under this subchapter 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 an election to adopt, change the rate of, or abolish the tax.

(b) Authorizes the effective date, 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 change in the rate of the tax or the abolition of the tax, to be extended by the comptroller until the first day of the next calendar quarter.

Sec. 1061.307. USE OF TAX REVENUE. Authorizes revenue from a tax imposed under this subchapter to be used by the district for any purpose of the district authorized by law.

SECTION 2. Amends Section 1061.151(b), Special District Local Laws Code, to require the proposed budget to contain a complete financial statement of the estimated ad valorem tax rate required, rather than estimated tax rate required, among other requirements.

SECTION 3. Amends the heading to Subchapter F, Chapter 1061, Special District Local Laws Code, to read as follows:

SUBCHAPTER F. AD VALOREM TAXES

SECTION 4. Amends Section 26.012(1), Tax Code, to add a hospital district, other than a hospital district that imposes the sales and use tax under Subchapter G, Chapter 1061, Special District Local Laws Code, to the definition of "additional sales and use tax" and to make nonsubstantive changes.

SECTION 5. Effective date: upon passage or September 1, 2019.