

BILL ANALYSIS

Senate Research Center
77R4329 CBH-D

S.B. 568
By: Shapleigh
Intergovernmental Relations
2/26/2001
As Filed

DIGEST AND PURPOSE

Currently, cities located in counties with a population of less than 500,000 or greater than 750,000 are eligible to raise the 4A or 4B local development sales tax. The legislature in 1989 created a half-cent sales tax in a new section added to the 1979 Development Corporation Act, Section 4A, to allow cities in counties with populations of less than 500,000 to adopt the tax on local retail sales. In 1991, the legislature added Section 4B so that the tax applies to cities in counties with populations of more than 750,000. This created a coverage gap. Based on the 2000 census numbers, El Paso and Travis counties are the only two Texas counties that are currently ineligible to adopt taxes under either 4A or 4B. As proposed, S.B. 568 allows cities located in counties with a population between 500,000 and 750,000 to be eligible to raise the 4A or 4B local development sales 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 Section 4B(a)(1), Development Corporation Act of 1979 (Article 5190.6, V.T.C.S.), to redefine "eligible city."

SECTION 2. Effective date: upon passage or September 1, 2001.