

BILL ANALYSIS

C.S.S.B. 1705
By: Wentworth
Local Government Ways and Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Current law prohibits a metropolitan transit authority (MTA) from collecting a sales tax that includes telecommunications services unless it is approved by the majority of the members of the governing body of each municipality within the MTA service area. C.S.S.B. 1705 restructures the approval process for MTA repeal of the local sales and use tax exemption for telecommunications services.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

SECTION 1. Amends Section 322.109, Tax Code, by amending Subsection (d) and adding Subsections (f)-(h):

(d) Prohibits the governing board of a taxing entity created under Chapter 451, Transportation Code, from repealing the application of the exemption provided by Subsection (a) unless the repeal is first approved by a majority of the members of the governing body of each municipality that created the taxing entity, except as authorized by Subsection (f).

(f) Prohibits the governing board of a taxing entity created before 1980 in which the principal municipality has a population of less than 1.2 million from repealing the application of the exemption provided by Subsection (a) unless the repeal is first approved by a majority vote of a committee created under Section 451.061(d), Transportation Code. Requires a restatement of the exemption to be approved in the same manner.

(g) The imposition or collection of revenue resulting from a repeal of the exemption provided by Subsection (a) under the procedure provided in Subsection (e) is tolled when the governing board obtains receipts from sales and use tax collected by an Advance Transportation District in excess of the amount of revenue generated by the repeal of the exemption as stated above.

(h) If the exemption provided by Subsection (a) is repealed, a telecommunications services provider may retain one percent of all sales and use taxes imposed as a result of the repeal.

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

EFFECTIVE DATE

Upon passage or September 1, 2003.

COMPARISON OF ORIGINAL TO SUBSTITUTE

SECTION 1. Differs from the original proposed Section 322.109 by replacing existing text of Subsection

(f) of the Tax Code and adding an exception authorized by Subsection (g).

Differs from the original proposed Section 322.109 by proposing a new Subsection (f) of the Tax Code to allow the governing board of a taxing authority created before 1980 where the principal municipality has a population of less than 1.2 million to repealed the application of the exemption provided in Subsection (a) if its repeal is first approved by a majority vote of the committee created under Section 451.061(d), Transportation Code.

Differs from the original proposed Section 322.109 by proposing a new Subsection (g) of the Tax Code that will toll the collection of the telecommunications services tax if the governing board receives sales tax receipts from an Advance Transportation District that are greater than those collected by the telecommunications services tax.

Differs from the original proposed Section 322.109 by proposing a new Subsection (h) of the Tax Code that, if the telecommunications services tax exemption is repealed, will allow a telecommunications services provider to retain one percent of taxes collected to cover administrative costs of collecting the tax.