

By: Wentworth

S.B. No. 1705

Substitute the following for S.B. No. 1705:

By: Puente

C.S.S.B. No. 1705

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the authority of certain taxing entities to repeal the
3 local sales and use tax exemption for telecommunications services.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 322.109, Tax Code, is amended by amending
6 Subsection (d) and adding Subsections (f), (g), and (h) to read as
7 follows:

8 (d) The governing board of a taxing entity created under
9 Chapter 451, Transportation Code, may not repeal the application of
10 the exemption provided by Subsection (a) unless the repeal is first
11 approved by a majority of the members of the governing body of each
12 municipality that created the taxing entity, except as authorized
13 by Subsection (f). A reinstatement of the exemption must be
14 approved in the same manner.

15 (f) The governing board of a taxing entity created before
16 1980 in which the principal municipality has a population of less
17 than 1.2 million may not repeal the application of the exemption
18 provided by Subsection (a) unless the repeal is first approved by a
19 majority vote of a committee created under Section 451.061(d),
20 Transportation Code. A reinstatement of the exemption must be
21 approved in the same manner.

22 (g) The imposition or collection of revenue resulting from a
23 repeal of the application of the exemption provided by Subsection
24 (a) under the procedure provided by Subsection (e) is tolled for any

1 period during which the governing board obtains receipts from sales
2 and use tax, collected for the purpose of an advanced
3 transportation district created under Section 451.702,
4 Transportation Code, in excess of the amount of revenue generated
5 by the repeal of the application of the exemption.

6 (h) If the application of the exemption provided by
7 Subsection (a) is repealed, a telecommunications services provider
8 whose services were previously exempt under Subsection (a) may
9 retain one percent of all sales and use taxes imposed as a result of
10 the repeal.

11 SECTION 2. This Act takes effect immediately if it receives
12 a vote of two-thirds of all the members elected to each house, as
13 provided by Section 39, Article III, Texas Constitution. If this
14 Act does not receive the vote necessary for immediate effect, this
15 Act takes effect September 1, 2003.