

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**May 21, 2003**

**TO:** Honorable Fred Hill, Chair, House Committee on Local Government Ways and Means

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: SB1705** by Wentworth (Relating to the authority of certain taxing entities to repeal the local sales and use tax exemption for telecommunications services.), **Committee Report 2nd House, Substituted**

**No fiscal implication to the State is anticipated.**

The bill would amend Section 322.109(d) of the Tax Code to alter the way certain metropolitan rapid transit authorities (MTA) would repeal and reinstate their local sales tax exemption for telecommunications services.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2003.

Under current law, Austin MTA, Corpus Christi MTA, and San Antonio MTA can repeal and reinstate the local sales and use tax exemption for telecommunications services if approved by a majority of the members of the governing body of each municipality that created the taxing entity. Austin MTA and Corpus Christi MTA have repealed this exemption. Therefore, the provisions of the bill currently only apply to the San Antonio MTA.

The bill would alter the way in which the repeal and reinstatement of the local sales tax exemption for telecommunications services could be accomplished. The bill would allow these MTAs to utilize a committee made up of five members of their city council, three members of their commissioners court, and mayors of three participating municipalities, other than the principal municipality.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JK, SD, DLBa, WP, SM