



To: The Honorable Dustin Burrows,
Chairman, House Committee on Ways and Means

Re: Charge 1.2 HB 1525 and HB 2153, which relate to the collection of sales and use taxes by marketplaces and out-of-state businesses.

Thank you for the opportunity to comment on this important legislation and its current implementation specifically as it relates to the proposed changes to Rule 3.334. Rules, including 3.286 – Responsibility of the Seller already enacted by the State Comptroller’s office, have begun to allow the State of Texas and local governments to receive collections from marketplaces and out-of-state-businesses. We support the continued implementation of those rules and their results.

There are sections of the proposed 3.334 rule that are consistent with the intent of HB 1525 and HB 2153 related to the collection of sales and use taxes by marketplaces and out-of-state businesses and we support these specific changes.

There are sections of the proposed 3.334 rule changes that we believe are not consistent with the legislative intent of HB 1525 and HB 2153. The proposed language of 3.334 may cause what are now considered a place of business in Coppell to no longer be a place of business resulting in sales tax previously allocated to Coppell being allocated to the municipality where the ordering party resides or is located. We hope this is not what the Comptroller’s office intends; unfortunately, so far it looks like that will be the result. We also believe that these additional changes are being proposed to be implemented ahead of this Committee’s work on the Interim Charge issued to the Committee on November 25, 2019 by Speaker Bonnen, specifically;

3. Study the role of the local option sales and use tax, including: an analysis of the available uses for those taxes, specifically economic development agreements; the statewide distribution of local tax rates; the proportion of the local government budget supported by sales and use taxes; the application of consistent sales sourcing rules; and the impact of shifting from origin to destination sourcing.

As Mayor I come before this Committee today because this is an extremely important issue for the City of Coppell.

I have been a citizen and taxpayer in Coppell for 23 years. I have had the additional honor to serve the citizens of Coppell as its Mayor for eight years. Coppell is a small NW Dallas County/Denton County city situated less than five miles northeast of DFW International Airport – a portion of the City of Coppell is airport land. Coppell was a very small residential community prior to the development of DFW Airport. Substantial growth began in the late 1980s and 1990s. Our population is now approximately 41,000.

As a result of our solid working relationship with the DFW Airport, the City of Coppell in the 1970's designated all land use west of the 65 LDN Noise Contour for the Airport's runways, for non-residential land use. Meaning that as far back as four decades ago, the City set in motion our community's economic foundation of warehouse/distribution/light industrial space, in support of the entire Metroplex. Generations of decisions have been made to support these types of land uses and businesses. Our location has now turned those decisions into 28 million square feet of business spaces. The City of Coppell is not a consumer retail hub. We are a center of business to business products and services. Our location, not incentives, has worked to serve the growing North Texas economy. Our roads, infrastructure and public safety decisions have all been made with our business community as our partner and it has been through their success that the City of Coppell, has to date, been able to provide excellent city services.

That is why this is such an important issue for the City of Coppell. A proposed rule change, not a legislative act, not a philosophical discussion, not something being proposed with any analysis on the impact of a change in sourcing, could be a massive generational change that could have a negative impact on the citizens of Coppell for decades to come.

My request to this Committee is to ask the State Comptroller's office to move forward with only those rules necessary to carry out the legislative intent of HB 1525 and HB 2153 that specifically address the collection of sales and use taxes by marketplaces and out-of-state-businesses and that all other proposed changes be delayed until after the Committee completes its interim charges including its analysis and possibly addresses this during the next legislative session.

Sincerely,

A handwritten signature in black ink, appearing to read "Karen Selbo Hunt". The signature is fluid and cursive, with the first name "Karen" being the most prominent.

Karen Selbo Hunt
Mayor