March 12, 2020

The Honorable Glenn Hegar  
Comptroller of Public Accounts  
State of Texas  
111 E 17th St.  
Austin, TX 78774

Dear Comptroller Hegar:

I am writing on behalf of the Austin Chamber of Commerce in response to your proposed rule on State and Local Sales and Use Taxes (34 TAC §3.334) as published in the Texas Register on January 3, 2020. The provision that changes local sales tax sourcing from being origin-based to destination-based for internet transactions would significantly impact communities with Chapter 380 agreements in our region.

While the proposed language does not nullify the Chapter 380 agreements entered into by some of our cities and businesses for economic development purposes, it does specifically change the terms of the agreements. This will greatly affect cities’ budgets and abilities to use Chapter 380 agreements to recruit economic development projects. This compromises expansions of Texas companies and discourages those that are considering doing business in our state.

In executing these agreements, our rapidly growing cities planned for a steady stream of income for an agreed-upon period to supplement services such as schools, roads, and parks. With this change, those funds will no longer be collected, thus causing significant budgeting problems for these cities.

The bottom line is that Texas has a reputation for upholding the agreements it enters into. Unexpected changes to the terms of these agreements brings uncertainty to whether companies can trust that our state will keep its word.

We ask that current agreements should be fully executed to the terms agreed upon. We do not want Texas to tarnish its reputation with this change before these agreements have been fully realized. We encourage you to honor contracts that have been entered into by local communities and online retailers by not changing sourcing of the sales tax.

Thank you for your time and consideration.

Sincerely,

Michael W. Rollins, CCE  
President & CEO