

By: Schatzline

H.B. No. 4968

A BILL TO BE ENTITLED

AN ACT

relating to the substitution of a county sales and use tax for all or a portion of property taxes imposed by certain counties; authorizing the imposition of a tax.

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

SECTION 1. Subtitle C, Title 3, Tax Code, is amended by adding Chapter 328 to read as follows:

CHAPTER 328. SALES AND USE TAX FOR PROPERTY TAX RELIEF IN CERTAIN COUNTIES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 328.0001. APPLICABILITY OF CHAPTER. This chapter applies only to a county with a population of 2.1 million or more that contains at least two municipalities, each of which has a population of 350,000 or more.

Sec. 328.0002. APPLICABILITY OF OTHER LAW. (a) Except as otherwise provided by this chapter, Chapter 323 applies to the tax authorized by this chapter in the same manner as that chapter applies to the tax authorized by that chapter.

(b) The following provisions do not apply to the tax authorized by this chapter:

(1) Section 323.101; and

(2) Subchapter E, Chapter 323, and the other provisions of Chapter 323 relating to an election.

Sec. 328.0003. EFFECT ON COMBINED LOCAL TAX RATE. The rate

1 of a county sales and use tax imposed under this chapter may not be
2 considered in determining the combined or overlapping rate in any
3 area of local sales and use taxes under this subtitle or another
4 law.

5 SUBCHAPTER B. IMPOSITION OF TAX

6 Sec. 328.0051. TAX AUTHORIZED. A county to which this
7 chapter applies may adopt or abolish the sales and use tax
8 authorized by this chapter at an election held in the county.

9 Sec. 328.0052. TAX RATE. The rate of the tax authorized by
10 this chapter is one percent.

11 Sec. 328.0053. SALES AND USE TAX EFFECTIVE DATE. The
12 adoption or abolition of the tax authorized by this chapter takes
13 effect on the next January 1 that is at least six months after the
14 date the comptroller receives notice of the results of the election
15 from the county.

16 SUBCHAPTER C. TAX ELECTION PROCEDURES

17 Sec. 328.0101. ELECTION ORDER. The commissioners court of
18 a county to which this chapter applies may order an election to
19 adopt or abolish the sales and use tax authorized by this chapter.

20 Sec. 328.0102. ELECTION DATE. An election under this
21 chapter must be held on the next uniform election date that occurs
22 after the date of the election order and that allows sufficient time
23 to comply with the requirements of other law.

24 Sec. 328.0103. BALLOT. (a) At an election to adopt the
25 tax, the ballot shall be prepared to permit voting for or against
26 the proposition: "The adoption of a local sales and use tax in
27 (name of county) at the rate of one percent to reduce the county

property tax rate."

(b) At an election to abolish the tax, the ballot shall be prepared to permit voting for or against the proposition: "The abolition of the one percent sales and use tax in (name of county) used to reduce the county property tax rate."

SUBCHAPTER D. USE OF TAX REVENUE

Sec. 328.0151. USE OF REVENUE. Any amount derived by a county from the sales and use tax under this chapter is additional sales and use tax revenue for purposes of Section 26.041.

SECTION 2. Section 26.012(1), Tax Code, is amended to read as follows:

(1) "Additional sales and use tax" means an additional sales and use tax imposed by:

(A) a municipality [~~city~~] under Section 321.101(b);

(B) a county under Chapter 323 or 328; or

(C) a hospital district, other than a hospital district:

(i) created on or after September 1, 2001, that:

(a) imposes the sales and use tax under Subchapter I, Chapter 286, Health and Safety Code; or

(b) imposes the sales and use tax under Subchapter L, Chapter 285, Health and Safety Code; or

(ii) that imposes the sales and use tax under Subchapter G, Chapter 1061, Special District Local Laws Code.

SECTION 3. Section 31.01(i), Tax Code, is amended to read as

1 follows:

2 (i) For a municipality [~~city or town~~] that imposes an
3 additional sales and use tax under Section 321.101(b) [~~of this~~
4 ~~code~~], or a county that imposes a sales and use tax under Chapter
5 323 or 328 [~~of this code~~], the tax bill shall indicate the amount of
6 additional ad valorem taxes, if any, that would have been imposed on
7 the property if additional ad valorem taxes had been imposed in an
8 amount equal to the amount of revenue estimated to be collected from
9 the additional municipal [~~city~~] sales and use tax or from the county
10 sales and use tax, as applicable, for the year determined as
11 provided by Section 26.041 [~~of this code~~].

12 SECTION 4. Sections 26.012(1) and 31.01(i), Tax Code, as
13 amended by this Act, apply only to ad valorem taxes that are imposed
14 for an ad valorem tax year that begins on or after January 1, 2026.

15 SECTION 5. (a) Except as provided by Subsection (b) of this
16 section, this Act takes effect September 1, 2025.

17 (b) Sections 26.012(1) and 31.01(i), Tax Code, as amended by
18 this Act, take effect January 1, 2026.