

By: Truitt

H.B. No. 164

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the rates at which the municipal sales and use tax for  
3 street maintenance may be imposed.

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

5 SECTION 1. Sections 327.003(b) and (c), Tax Code, are  
6 amended to read as follows:

7 (b) A municipality may not adopt a tax under this chapter or  
8 increase the rate of the tax if as a result of the adoption of the  
9 tax or the increase in the rate of the tax the combined rate of all  
10 sales and use taxes imposed by the municipality and other political  
11 subdivisions of this state having territory in the municipality  
12 would exceed two percent at any location in the municipality.

13 (c) If the voters of a municipality approve the adoption of  
14 the tax or the increase in the rate of the tax at an election held on  
15 the same election date on which another political subdivision  
16 adopts a sales and use tax or approves the increase in the rate of  
17 its sales and use tax and as a result the combined rate of all sales  
18 and use taxes imposed by the municipality and other political  
19 subdivisions of this state having territory in the municipality  
20 would exceed two percent at any location in the municipality, the  
21 election to adopt a sales and use tax under this chapter has no  
22 effect.

23 SECTION 2. Section 327.004, Tax Code, is amended to read as  
24 follows:

1           Sec. 327.004. TAX RATE. The [~~rate of the~~] tax authorized by  
2 this chapter may be imposed at the rate of one-eighth of one percent  
3 or [~~is~~] one-fourth of one percent.

4           SECTION 3. Section 327.005(a), Tax Code, is amended to read  
5 as follows:

6           (a) The adoption of the tax or the change in the rate of the  
7 tax takes effect on the first day of the first calendar quarter  
8 occurring after the expiration of the first complete calendar  
9 quarter occurring after the date on which the comptroller receives  
10 notice of the results of the election.

11          SECTION 4. Section 327.006(b), Tax Code, is amended to read  
12 as follows:

13          (b) At an election to adopt the tax, the ballot shall be  
14 prepared to permit voting for or against the proposition: "The  
15 adoption of a local sales and use tax in (name of municipality) at  
16 the rate of (insert one-eighth of one percent or one-fourth of one  
17 percent) [~~one-fourth of one percent~~] to provide revenue for  
18 maintenance and repair of municipal streets."

19          SECTION 5. Chapter 327, Tax Code, is amended by adding  
20 Section 327.0065 to read as follows:

21          Sec. 327.0065. RATE CHANGE. (a) A municipality that has  
22 adopted a sales and use tax under this chapter at a rate of  
23 one-fourth of one percent may by ordinance decrease the rate of the  
24 tax to one-eighth of one percent.

25          (b) A municipality that has adopted a sales and use tax  
26 under this chapter at a rate of one-eighth of one percent may by  
27 ordinance increase the rate of the tax to one-fourth of one percent

1 if the increase is authorized at an election held in the  
2 municipality.

3 (c) The ballot for an election to increase the tax shall be  
4 printed to permit voting for or against the proposition: "The  
5 adoption of a local sales and use tax in (name of municipality) at  
6 the rate of one-fourth of one percent to provide revenue for  
7 maintenance and repair of municipal streets."

8 SECTION 6. Section 327.007(b), Tax Code, is amended to read  
9 as follows:

10 (b) An election to reauthorize the tax is called and held in  
11 the same manner as an election to adopt the tax under Section  
12 327.006, except the ballot proposition shall be prepared to permit  
13 voting for or against the proposition: "The reauthorization of the  
14 local sales and use tax in (name of municipality) at the rate of  
15 (insert appropriate rate) [~~one-fourth of one percent~~] to continue  
16 providing revenue for maintenance and repair of municipal streets."

17 SECTION 7. This Act takes effect immediately if it receives  
18 a vote of two-thirds of all the members elected to each house, as  
19 provided by Section 39, Article III, Texas Constitution. If this  
20 Act does not receive the vote necessary for immediate effect, this  
21 Act takes effect September 1, 2003.