

AN ACT

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

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

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

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

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

SECTION 2. Section 327.004, Tax Code, is amended to read as 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.

President of the Senate

Speaker of the House

I certify that H.B. No. 164 was passed by the House on March 31, 2003, by the following vote: Yeas 148, Nays 0, 1 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 164 was passed by the Senate on May 27, 2003, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor