

1-1 By: Truitt (Senate Sponsor - Nelson) H.B. No. 164  
1-2 (In the Senate - Received from the House April 1, 2003;  
1-3 April 7, 2003, read first time and referred to Committee on  
1-4 Intergovernmental Relations; May 7, 2003, reported favorably by  
1-5 the following vote: Yeas 4, Nays 0; May 7, 2003, sent to printer.)

1-6 A BILL TO BE ENTITLED  
1-7 AN ACT

1-8 relating to the rates at which the municipal sales and use tax for  
1-9 street maintenance may be imposed.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. Sections 327.003(b) and (c), Tax Code, are  
1-12 amended to read as follows:

1-13 (b) A municipality may not adopt a tax under this chapter or  
1-14 increase the rate of the tax if as a result of the adoption of the  
1-15 tax or the increase in the rate of the tax the combined rate of all  
1-16 sales and use taxes imposed by the municipality and other political  
1-17 subdivisions of this state having territory in the municipality  
1-18 would exceed two percent at any location in the municipality.

1-19 (c) If the voters of a municipality approve the adoption of  
1-20 the tax or the increase in the rate of the tax at an election held on  
1-21 the same election date on which another political subdivision  
1-22 adopts a sales and use tax or approves the increase in the rate of  
1-23 its sales and use tax and as a result the combined rate of all sales  
1-24 and use taxes imposed by the municipality and other political  
1-25 subdivisions of this state having territory in the municipality  
1-26 would exceed two percent at any location in the municipality, the  
1-27 election to adopt a sales and use tax under this chapter has no  
1-28 effect.

1-29 SECTION 2. Section 327.004, Tax Code, is amended to read as  
1-30 follows:

1-31 Sec. 327.004. TAX RATE. The ~~[rate of the]~~ tax authorized by  
1-32 this chapter may be imposed at the rate of one-eighth of one percent  
1-33 or ~~is~~ one-fourth of one percent.

1-34 SECTION 3. Section 327.005(a), Tax Code, is amended to read  
1-35 as follows:

1-36 (a) The adoption of the tax or the change in the rate of the  
1-37 tax takes effect on the first day of the first calendar quarter  
1-38 occurring after the expiration of the first complete calendar  
1-39 quarter occurring after the date on which the comptroller receives  
1-40 notice of the results of the election.

1-41 SECTION 4. Section 327.006(b), Tax Code, is amended to read  
1-42 as follows:

1-43 (b) At an election to adopt the tax, the ballot shall be  
1-44 prepared to permit voting for or against the proposition: "The  
1-45 adoption of a local sales and use tax in (name of municipality) at  
1-46 the rate of (insert one-eighth of one percent or one-fourth of one  
1-47 percent) ~~[one-fourth of one percent]~~ to provide revenue for  
1-48 maintenance and repair of municipal streets."

1-49 SECTION 5. Chapter 327, Tax Code, is amended by adding  
1-50 Section 327.0065 to read as follows:

1-51 Sec. 327.0065. RATE CHANGE. (a) A municipality that has  
1-52 adopted a sales and use tax under this chapter at a rate of  
1-53 one-fourth of one percent may by ordinance decrease the rate of the  
1-54 tax to one-eighth of one percent.

1-55 (b) A municipality that has adopted a sales and use tax  
1-56 under this chapter at a rate of one-eighth of one percent may by  
1-57 ordinance increase the rate of the tax to one-fourth of one percent  
1-58 if the increase is authorized at an election held in the  
1-59 municipality.

1-60 (c) The ballot for an election to increase the tax shall be  
1-61 printed to permit voting for or against the proposition: "The  
1-62 adoption of a local sales and use tax in (name of municipality) at  
1-63 the rate of one-fourth of one percent to provide revenue for  
1-64 maintenance and repair of municipal streets."

2-1 SECTION 6. Section 327.007(b), Tax Code, is amended to read  
2-2 as follows:

2-3 (b) An election to reauthorize the tax is called and held in  
2-4 the same manner as an election to adopt the tax under Section  
2-5 327.006, except the ballot proposition shall be prepared to permit  
2-6 voting for or against the proposition: "The reauthorization of the  
2-7 local sales and use tax in (name of municipality) at the rate of  
2-8 (insert appropriate rate) [~~one-fourth of one percent~~] to continue  
2-9 providing revenue for maintenance and repair of municipal streets."

2-10 SECTION 7. This Act takes effect immediately if it receives  
2-11 a vote of two-thirds of all the members elected to each house, as  
2-12 provided by Section 39, Article III, Texas Constitution. If this  
2-13 Act does not receive the vote necessary for immediate effect, this  
2-14 Act takes effect September 1, 2003.

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