

By: Eiland

H.B. No. 2784

A BILL TO BE ENTITLED

AN ACT

1
2 relating to allowing rural fire prevention districts to impose a
3 sales and use tax.

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

5 SECTION 1. Subchapter E, Chapter 794, Health and Safety
6 Code, is amended by adding Sections 794.0751, 794.0752, and
7 794.0753 to read as follows:

8 Sec. 794.0751. SALES AND USE TAX. (a) A district may adopt
9 a sales and use tax, change the rate of its sales and use tax, or
10 abolish its sales and use tax at an election held as provided by
11 Section 794.0752. The district may impose the tax at a rate of
12 one-half percent, one percent, one and one-half percent, or two
13 percent. Revenue from the tax may be used for any purpose for which
14 ad valorem tax revenue of the district may be used.

15 (b) Chapter 323, Tax Code, applies to the application,
16 collection, and administration of the tax imposed under this
17 section. The comptroller may make rules for the collection and
18 administration of this tax in the same manner as for a tax imposed
19 under Chapter 323, Tax Code.

20 (c) A district may not adopt a tax under this section or
21 increase the rate of the tax if as a result of the adoption of the
22 tax or the tax increase the combined rate of all sales and use taxes
23 imposed by the district and other political subdivisions of this
24 state having territory in the district would exceed two percent at

1 any location in the district.

2 (d) If the voters of a district approve the adoption of the
3 tax or an increase in the tax rate at an election held on the same
4 election date on which another political subdivision of this state
5 adopts a sales and use tax or approves the increase in the rate of
6 its sales and use tax and as a result the combined rate of all sales
7 and use taxes imposed by the district and other political
8 subdivisions of this state having territory in the district would
9 exceed two percent at any location in the district, the election to
10 adopt a sales and use tax or to increase the rate of the sales and
11 use tax in the district under this subchapter has no effect.

12 Sec. 794.0752. SALES AND USE TAX ELECTION PROCEDURES. (a)
13 Except as otherwise provided by this subchapter, an election to
14 adopt or abolish a district's sales and use tax or to change the
15 rate of the tax is governed by the provisions of Subchapter E,
16 Chapter 323, Tax Code, applicable to an election to adopt or abolish
17 a county sales and use tax.

18 (b) An election is called by the adoption of a resolution by
19 the board. The board shall call an election if a number of
20 qualified voters of the district equal to at least five percent of
21 the number of registered voters in the district petition the board
22 to call the election.

23 (c) At an election to adopt the tax, the ballot shall be
24 prepared to permit voting for or against the proposition: "The
25 adoption of a local sales and use tax in (name of district) at the
26 rate of (proposed tax rate) percent."

27 (d) At an election to abolish the tax, the ballot shall be

1 prepared to permit voting for or against the proposition: "The
2 abolition of the local sales and use tax in (name of district)."

3 (e) At an election to change the rate of the tax, the ballot
4 shall be prepared to permit voting for or against the proposition:
5 "The (increase or decrease, as applicable) in the rate of the local
6 sales and use tax imposed by (name of district) from (tax rate on
7 election date) percent to (proposed tax rate) percent."

8 Sec. 794.0753. SALES AND USE TAX EFFECTIVE DATE; BOUNDARY
9 CHANGE. (a) The adoption or abolition of the tax or change in the
10 tax rate takes effect on the first day of the first calendar quarter
11 occurring after the expiration of the first complete calendar
12 quarter occurring after the date on which the comptroller receives
13 a notice of the results of the election.

14 (b) If the comptroller determines that an effective date
15 provided by Subsection (a) will occur before the comptroller can
16 reasonably take the action required to begin collecting the tax or
17 to implement the abolition of the tax or the tax rate change, the
18 effective date may be extended by the comptroller until the first
19 day of the next succeeding calendar quarter.

20 (c) The provisions of Section 321.102, Tax Code, governing
21 the application of a municipal sales and use tax in the event of a
22 change in the boundaries of a municipality apply to the application
23 of a tax imposed under this chapter in the event of a change in the
24 district's boundaries.

25 SECTION 2. This Act takes effect immediately if it receives
26 a vote of two-thirds of all the members elected to each house, as
27 provided by Section 39, Article III, Texas Constitution. If this

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- 1 Act does not receive the vote necessary for immediate effect, this
- 2 Act takes effect September 1, 2003.