

AN ACT

relating to the counties authorized to create a crime control and prevention district and to the sales and use tax imposed by municipal crime control and prevention districts.

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

SECTION 1. Section 363.051(a), Local Government Code, is amended to read as follows:

(a) The creation of a crime control and prevention district may be proposed under this chapter by a majority vote of the governing body of a:

(1) county:

(A) with a population of more than 130,000; or

(B) that:

(i) does not border the United Mexican States;

(ii) is adjacent to a county with a population of 500,000 or more that borders the United Mexican States; and

(iii) has a population of 5,000 or more; or

(2) municipality that is partially or wholly located in a county with a population of more than 5,000.

SECTION 2. Sections 363.055(a) and (c), Local Government Code, are amended to read as follows:

(a) The proposed rate for the district sales and use tax

1 imposed under Subchapter B, Chapter 321, Tax Code, or Subchapter B,
2 Chapter 323, Tax Code, may be only:

- 3 (1) one-eighth of one percent;
- 4 (2) one-fourth of one percent;
- 5 (3) three-eighths of one percent; or
- 6 (4) one-half of one percent.

7 (c) A municipality that creates a district shall adopt a
8 sales and use tax under Section 321.108 [~~323.105~~], Tax Code, for
9 financing the operation of the district [~~in the same manner as a~~
10 ~~county under that section~~].

11 SECTION 3. Section 363.154(e), Local Government Code, is
12 amended to read as follows:

13 (e) In a district created by a municipality, the board may
14 spend the revenue derived from the sales and use tax distributed
15 under Section 321.108 [~~323.105~~], Tax Code, only for a purpose
16 authorized by Section 363.151.

17 SECTION 4. Section 363.302(c), Local Government Code, is
18 amended to read as follows:

19 (c) If on the date that the district is dissolved the
20 district has outstanding short-term or long-term liabilities, the
21 board shall, not later than the 30th day after the date of the
22 dissolution, adopt a resolution certifying each outstanding
23 short-term and long-term liability. The political subdivision that
24 created the district shall assume the outstanding short-term and
25 long-term liabilities. The political subdivision shall collect the
26 sales and use tax under Section 321.108 or 323.105, Tax Code, for
27 the remainder of the calendar year and may by resolution of its

1 governing body continue to collect the tax for an additional
2 calendar year if the revenue from the tax is needed to retire
3 liabilities of the district that were assumed by the political
4 subdivision. The governing body shall notify the comptroller of
5 this continuation not later than the 60th day before the date the
6 tax would otherwise expire. Any tax collected after the
7 liabilities have been retired shall be transferred or conveyed as
8 provided by Subsection (a).

9 SECTION 5. Subchapter B, Chapter 321, Tax Code, is amended
10 by adding Section 321.108 to read as follows:

11 Sec. 321.108. MUNICIPAL CRIME CONTROL AND PREVENTION
12 DISTRICT TAX. (a) Subject to an election held in accordance with
13 Chapter 363, Local Government Code, a municipality in which a crime
14 control and prevention district is established shall adopt a sales
15 and use tax in the area of the district for the purpose of financing
16 the operation of the crime control and prevention district. The
17 revenue from the tax may be used only for the purpose of financing
18 the operation of the crime control and prevention district. The
19 proposition for adopting a tax under this section and the
20 proposition for creation of a crime control and prevention district
21 shall be submitted at the same election.

22 (b) A tax adopted for a district under this section for
23 financing the operation of the district may be decreased in
24 increments of one-eighth of one percent by order of the board of
25 directors of the district.

26 (c) The governing body of the municipality that proposed the
27 creation of the crime control and prevention district may call an

1 election in the district on the question of decreasing the tax rate
2 in increments of one-eighth of one percent in the district. At the
3 election, the ballot shall be printed to provide for voting for or
4 against the following proposition: "The decrease of the
5 _____ Crime Control and Prevention District sales
6 and use tax rate to _____ percent."

7 (d) The rate of a tax adopted for a district under this
8 section may be increased in increments of one-eighth of one
9 percent, not to exceed a total tax rate of one-half percent for
10 financing the operation of the crime control and prevention
11 district, by order of the board of directors of the crime control
12 and prevention district if approved by a majority of the voters
13 voting at an election called by the board and held in the district
14 on the question of increasing the tax rate. At the election, the
15 ballot shall be printed to provide for voting for or against the
16 following proposition: "The increase of the _____ Crime
17 Control and Prevention District sales and use tax rate to
18 _____ percent." If there is an increase or decrease under
19 this subsection in the rate of a tax imposed under this section, the
20 new rate takes effect on the first day of the next calendar quarter
21 after the expiration of one calendar quarter after the comptroller
22 receives notice of the increase or decrease. However, if the
23 comptroller notifies the president of the board of directors of the
24 district in writing within 10 days after receipt of the
25 notification that the comptroller requires more time to implement
26 reporting and collection procedures, the comptroller may delay
27 implementation of the rate change for another calendar quarter, and

1 the new rate takes effect on the first day of the next calendar
2 quarter following the elapsed quarter.

3 (e) The comptroller shall remit to the municipality amounts
4 collected at the rate imposed under this section as part of the
5 regular allocation of municipal tax revenue collected by the
6 comptroller if the district is composed of the entire municipality.
7 The comptroller shall, if the district is composed of an area less
8 than the entire municipality, remit that amount to the district.
9 Retailers may not be required to use allocation and reporting
10 procedures in the collection of taxes under this section that are
11 different from the procedures that retailers use in the collection
12 of other sales and use taxes under this chapter. An item,
13 transaction, or service that is taxable in a municipality under a
14 sales or use tax authorized by another section of this chapter is
15 taxable under this section. An item, transaction, or service that
16 is not taxable in a municipality under a sales or use tax authorized
17 by another section of this chapter is not taxable under this
18 section.

19 (f) If, in a municipality in which a crime control and
20 prevention district is composed of the whole municipality, a
21 municipal sales and use tax or a municipal sales and use tax rate
22 increase for the purpose of financing a crime control and
23 prevention district is approved, the municipality is responsible
24 for distributing to the district that portion of the municipal
25 sales and use tax revenue received from the comptroller that is to
26 be used for the purposes of financing the crime control and
27 prevention district. Not later than the 10th day after the date the

1 municipality receives money under this section from the
2 comptroller, the municipality shall make the distribution in the
3 proportion that the crime control and prevention portion of the tax
4 rate bears to the total sales and use tax rate of the municipality.
5 The amounts distributed to a crime control and prevention district
6 are not considered to be additional municipal sales and use tax
7 revenue for the purpose of property tax reduction and computation
8 of the municipal tax rate under Section 26.041.

9 (g) For purposes of the tax imposed under this section, a
10 reference in this chapter to the municipality as the territory in
11 which the tax or an incident of the tax applies means only the
12 territory located in the crime control and prevention district, if
13 that district is composed of an area less than an entire
14 municipality.

15 (h) The comptroller may adopt rules and the governing body
16 of the municipality may adopt orders to administer this section.

17 SECTION 6. (a) In a crime control and prevention district
18 created by a municipality before the effective date of this Act, an
19 item, transaction, or service that is taxable in the municipality
20 under a sales or use tax authorized by Chapter 321, Tax Code, is
21 taxable under Section 321.108, Tax Code, as added by this Act, for
22 the district, and an item, transaction, or service that is not
23 taxable in the municipality under a sales or use tax authorized by
24 Chapter 321, Tax Code, is not taxable under Section 321.108, Tax
25 Code, as added by this Act, for the district.

26 (b) The comptroller shall implement any change necessary as
27 a result of the change in law made by this Act on or before January

1 1, 2008.

2 SECTION 7. This Act takes effect immediately if it receives
3 a vote of two-thirds of all the members elected to each house, as
4 provided by Section 39, Article III, Texas Constitution. If this
5 Act does not receive the vote necessary for immediate effect, this
6 Act takes effect September 1, 2007.

President of the Senate

Speaker of the House

I certify that H.B. No. 3417 was passed by the House on May 11, 2007, by the following vote: Yeas 131, Nays 3, 2 present, not voting; and that the House concurred in Senate amendments to H.B. No. 3417 on May 25, 2007, by the following vote: Yeas 132, Nays 0, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 3417 was passed by the Senate, with amendments, on May 22, 2007, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor