

By: Raymond

H.B. No. 3870

A BILL TO BE ENTITLED

AN ACT

relating to sales and use taxes in emergency services districts.

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

SECTION 1. Section 775.0751, Health and Safety Code, is amended to read as follows:

(a) A district may adopt a sales and use tax, change the rate of its sales and use tax, or abolish its sales and use tax at an election held as provided by Section 775.0752. The district may impose the tax at a rate from one-eighth of one percent to two percent in increments of one-eighth of one percent. Revenue from the tax may be used for any purpose for which ad valorem tax revenue of the district may be used.

(b) Chapter 323, Tax Code, applies to the application, collection, and administration of the tax imposed under this section. The comptroller may make rules for the collection and administration of this tax in the same manner as for a tax imposed under Chapter 323, Tax Code. Where a county and a hospital district both impose a sales and use tax, the comptroller may by rule provide for proportionate allocation of sales and use tax collections between a county and a hospital district on the basis of the period of time each tax is imposed and the relative tax rates.

(c) Except as provided in subsection (d), a [A] district may not adopt a tax under this section or increase the rate of the tax if as a result of the adoption of the tax or the tax increase the

1 combined rate of all sales and use taxes imposed by the district and  
2 other political subdivisions of this state having territory in the  
3 district would exceed two percent at any location in the district.

4 (d) A district that would otherwise be precluded from  
5 adopting a sales and use tax under subsection (c), may nonetheless  
6 adopt a sales and use tax, change the rate of its sales and use tax,  
7 or abolish its sales and use tax at an election held as provided by  
8 Section 775.0752, provided that the district in the order calling  
9 the election excludes from the election and the applicability of  
10 the proposed sales and use tax any territory in the district where  
11 the sales and use tax is then at two percent.

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

24 SECTION 2. This Act takes effect September 1, 2007.