

By: Eltife, et al.

S.B. No. 407

A BILL TO BE ENTITLED

AN ACT

relating to the authority of the voters of a municipality or a county to adopt a one-quarter cent sales and use tax in the municipality or county to provide property tax relief.

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

SECTION 1. Subtitle C, Title 3, Tax Code, is amended by adding Chapter 326 to read as follows:

CHAPTER 326. MUNICIPAL AND COUNTY SALES AND USE TAX FOR PROPERTY

TAX RELIEF

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 326.001. APPLICABLE LAW. Except as otherwise provided by this chapter:

(1) Chapter 321 applies to the municipal tax authorized by this chapter in the same manner as that chapter applies to the tax authorized by that chapter; and

(2) Chapter 323 applies to the county tax authorized by this chapter in the same manner as that chapter applies to the tax authorized by that chapter.

Sec. 326.002. EFFECT ON COMBINED LOCAL TAX RATE.

(a) Sections 321.101 and 323.101 do not apply to the municipal or county tax authorized by this chapter.

(b) The rate of a municipal or county sales and use tax imposed under this chapter may not be considered in determining the combined or overlapping rate of local sales and use taxes in any

1 area under this subtitle or another law, including:

2 (1) the Health and Safety Code;

3 (2) the Local Government Code;

4 (3) the Special District Local Laws Code;

5 (4) the Transportation Code; or

6 (5) the Development Corporation Act of 1979 (Article  
7 5190.6, Vernon's Texas Civil Statutes).

8 [Sections 326.003-326.050 reserved for expansion]

9 SUBCHAPTER B. IMPOSITION OF TAX

10 Sec. 326.051. TAX AUTHORIZED. (a) A municipality or a  
11 county may adopt or abolish the sales and use tax authorized by this  
12 chapter at an election held in the municipality or county.

13 (b) The adoption of the tax authorized by this chapter by  
14 one political subdivision does not affect the authority of another  
15 political subdivision that has overlapping boundaries to also adopt  
16 the tax authorized by this chapter.

17 Sec. 326.052. TAX RATE. The rate of the tax authorized by  
18 this chapter is one-fourth of one percent.

19 Sec. 326.053. SALES AND USE TAX EFFECTIVE DATE. (a) The  
20 adoption or abolition of the tax takes effect on the first day of  
21 the first calendar quarter occurring after the expiration of the  
22 first complete calendar quarter occurring after the date on which  
23 the comptroller receives a notice of the results of the election  
24 from the municipality or county.

25 (b) If the comptroller determines that an effective date  
26 provided by Subsection (a) will occur before the comptroller can  
27 reasonably take the action required to begin collecting the tax or

1 to implement the abolition of the tax, the effective date may be  
2 extended by the comptroller until the first day of the next  
3 succeeding calendar quarter.

4 [Sections 326.054-326.100 reserved for expansion]

5 SUBCHAPTER C. TAX ELECTION PROCEDURES

6 Sec. 326.101. CALLING ELECTION. (a) An election  
7 authorized by this chapter in a municipality is called by the  
8 adoption of an ordinance by the governing body of the municipality.

9 (b) An election authorized by this chapter in a county is  
10 called by the adoption of an order by the commissioners court of the  
11 county.

12 (c) The governing body of a municipality or the  
13 commissioners court may call an election on its own motion or shall  
14 call an election if a number of qualified voters of the municipality  
15 or county equal to at least five percent of the number of registered  
16 voters in the municipality or county petition the governing body or  
17 commissioners court to call the election.

18 Sec. 326.102. ELECTION DATE. An election under this  
19 chapter must be held on the next uniform election date that occurs  
20 after the date of the election order and that allows sufficient time  
21 to comply with the requirements of other law.

22 Sec. 326.103. BALLOT. (a) At an election to adopt the tax,  
23 the ballot shall be prepared to permit voting for or against the  
24 proposition: "The adoption of a local sales and use tax in (name of  
25 municipality or county) at the rate of one-fourth of one percent to  
26 reduce the (municipal or county) property tax rate."

27 (b) 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 one-fourth of one percent sales and use tax in  
3 (name of municipality or county) used to reduce the (municipal or  
4 county) property tax rate."

5 [Sections 326.104-326.150 reserved for expansion]

6 SUBCHAPTER D. USE OF TAX REVENUE

7 Sec. 326.151. USE OF REVENUE. Any amount derived by a  
8 municipality or county from the sales and use tax under this chapter  
9 is additional sales and use tax revenue for purposes of Section  
10 26.041.

11 Sec. 326.152. CALCULATION OF MUNICIPAL OR COUNTY ROLLBACK  
12 TAX RATE. For a municipality or county in which the voters have  
13 approved the imposition of the sales and use tax under this chapter,  
14 for an ad valorem tax year that begins on or after the date the sales  
15 and use tax takes effect, in the formula for calculating the  
16 rollback tax rate of the municipality or county, the officer or  
17 employee designated by the governing body of the municipality or  
18 the commissioners court of the county to make the calculation shall  
19 substitute 1.05 for 1.08.

20 SECTION 2. Subdivision (1), Section 26.012, Tax Code, is  
21 amended to read as follows:

22 (1) "Additional sales and use tax" means an additional  
23 sales and use tax imposed by:

24 (A) a municipality [~~city~~] under Section  
25 321.101(b) or Chapter 326;

26 (B) a county under Chapter 323 or 326; or

27 (C) a hospital district, other than a hospital

1 district created on or after September 1, 2001, that:

2 (i) imposes the sales and use tax under  
3 Subchapter I, Chapter 286, Health and Safety Code; or

4 (ii) imposes the sales and use tax under  
5 Subchapter L, Chapter 285, Health and Safety Code.

6 SECTION 3. Subsection (i), Section 31.01, Tax Code, is  
7 amended to read as follows:

8 (i) For a municipality [~~city or town~~] that imposes an  
9 additional sales and use tax under Section 321.101(b) or Chapter  
10 326 [~~of this code~~], or a county that imposes a sales and use tax  
11 under Chapter 323 or 326 [~~of this code~~], the tax bill shall indicate  
12 the amount of additional ad valorem taxes, if any, that would have  
13 been imposed on the property if additional ad valorem taxes had been  
14 imposed in an amount equal to the amount of revenue estimated to be  
15 collected from the additional municipal [~~city~~] sales and use tax or  
16 from the county sales and use tax, as applicable, for the year  
17 determined as provided by Section 26.041 [~~of this code~~].

18 SECTION 4. Sections 2 and 3 of this Act apply only to ad  
19 valorem taxes that are imposed for an ad valorem tax year that  
20 begins on or after January 1, 2008.

21 SECTION 5. Notwithstanding any other law, a county that has  
22 a population of more than 280,000 and less than 300,000, or a  
23 municipality located wholly or partly in such a county, may not hold  
24 an election to adopt a tax under Chapter 326, Tax Code, as added by  
25 this Act, before January 1, 2008.

26 SECTION 6. (a) Except as provided by Subsection (b) of  
27 this section, this Act takes effect September 1, 2007.

1 (b) Sections 2 and 3 of this Act take effect January 1, 2008.