

1-1 By: Eltife, et al. S.B. No. 407
1-2 (In the Senate - Filed February 1, 2007; February 21, 2007,
1-3 read first time and referred to Committee on Finance;
1-4 April 30, 2007, reported favorably by the following vote: Yeas 10,
1-5 Nays 1; April 30, 2007, sent to printer.)

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

1-8 relating to the authority of the voters of a municipality or a
1-9 county to adopt a one-quarter cent sales and use tax in the
1-10 municipality or county to provide property tax relief.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Subtitle C, Title 3, Tax Code, is amended by
1-13 adding Chapter 326 to read as follows:

1-14 CHAPTER 326. MUNICIPAL AND COUNTY SALES AND USE TAX FOR PROPERTY
1-15 TAX RELIEF

1-16 SUBCHAPTER A. GENERAL PROVISIONS

1-17 Sec. 326.001. APPLICABLE LAW. Except as otherwise provided
1-18 by this chapter:

1-19 (1) Chapter 321 applies to the municipal tax
1-20 authorized by this chapter in the same manner as that chapter
1-21 applies to the tax authorized by that chapter; and

1-22 (2) Chapter 323 applies to the county tax authorized
1-23 by this chapter in the same manner as that chapter applies to the
1-24 tax authorized by that chapter.

1-25 Sec. 326.002. EFFECT ON COMBINED LOCAL TAX RATE.

1-26 (a) Sections 321.101 and 323.101 do not apply to the municipal or
1-27 county tax authorized by this chapter.

1-28 (b) The rate of a municipal or county sales and use tax
1-29 imposed under this chapter may not be considered in determining the
1-30 combined or overlapping rate of local sales and use taxes in any
1-31 area under this subtitle or another law, including:

1-32 (1) the Health and Safety Code;

1-33 (2) the Local Government Code;

1-34 (3) the Special District Local Laws Code;

1-35 (4) the Transportation Code; or

1-36 (5) the Development Corporation Act of 1979 (Article
1-37 5190.6, Vernon's Texas Civil Statutes).

1-38 [Sections 326.003-326.050 reserved for expansion]

1-39 SUBCHAPTER B. IMPOSITION OF TAX

1-40 Sec. 326.051. TAX AUTHORIZED. (a) A municipality or a
1-41 county may adopt or abolish the sales and use tax authorized by this
1-42 chapter at an election held in the municipality or county.

1-43 (b) The adoption of the tax authorized by this chapter by
1-44 one political subdivision does not affect the authority of another
1-45 political subdivision that has overlapping boundaries to also adopt
1-46 the tax authorized by this chapter.

1-47 Sec. 326.052. TAX RATE. The rate of the tax authorized by
1-48 this chapter is one-fourth of one percent.

1-49 Sec. 326.053. SALES AND USE TAX EFFECTIVE DATE. (a) The
1-50 adoption or abolition of the tax takes effect on the first day of
1-51 the first calendar quarter occurring after the expiration of the
1-52 first complete calendar quarter occurring after the date on which
1-53 the comptroller receives a notice of the results of the election
1-54 from the municipality or county.

1-55 (b) If the comptroller determines that an effective date
1-56 provided by Subsection (a) will occur before the comptroller can
1-57 reasonably take the action required to begin collecting the tax or
1-58 to implement the abolition of the tax, the effective date may be
1-59 extended by the comptroller until the first day of the next
1-60 succeeding calendar quarter.

1-61 [Sections 326.054-326.100 reserved for expansion]

1-62 SUBCHAPTER C. TAX ELECTION PROCEDURES

1-63 Sec. 326.101. CALLING ELECTION. (a) An election
1-64 authorized by this chapter in a municipality is called by the

2-1 adoption of an ordinance by the governing body of the municipality.

2-2 (b) An election authorized by this chapter in a county is
2-3 called by the adoption of an order by the commissioners court of the
2-4 county.

2-5 (c) The governing body of a municipality or the
2-6 commissioners court may call an election on its own motion or shall
2-7 call an election if a number of qualified voters of the municipality
2-8 or county equal to at least five percent of the number of registered
2-9 voters in the municipality or county petition the governing body or
2-10 commissioners court to call the election.

2-11 Sec. 326.102. ELECTION DATE. An election under this
2-12 chapter must be held on the next uniform election date that occurs
2-13 after the date of the election order and that allows sufficient time
2-14 to comply with the requirements of other law.

2-15 Sec. 326.103. BALLOT. (a) At an election to adopt the tax,
2-16 the ballot shall be prepared to permit voting for or against the
2-17 proposition: "The adoption of a local sales and use tax in (name of
2-18 municipality or county) at the rate of one-fourth of one percent to
2-19 reduce the (municipal or county) property tax rate."

2-20 (b) At an election to abolish the tax, the ballot shall be
2-21 prepared to permit voting for or against the proposition: "The
2-22 abolition of the one-fourth of one percent sales and use tax in
2-23 (name of municipality or county) used to reduce the (municipal or
2-24 county) property tax rate."

2-25 [Sections 326.104-326.150 reserved for expansion]

2-26 SUBCHAPTER D. USE OF TAX REVENUE

2-27 Sec. 326.151. USE OF REVENUE. Any amount derived by a
2-28 municipality or county from the sales and use tax under this chapter
2-29 is additional sales and use tax revenue for purposes of Section
2-30 26.041.

2-31 SECTION 2. Subdivision (1), Section 26.012, Tax Code, is
2-32 amended to read as follows:

2-33 (1) "Additional sales and use tax" means an additional
2-34 sales and use tax imposed by:

2-35 (A) a municipality [~~city~~] under Section
2-36 321.101(b) or Chapter 326;

2-37 (B) a county under Chapter 323 or 326; or

2-38 (C) a hospital district, other than a hospital
2-39 district created on or after September 1, 2001, that:

2-40 (i) imposes the sales and use tax under
2-41 Subchapter I, Chapter 286, Health and Safety Code; or

2-42 (ii) imposes the sales and use tax under
2-43 Subchapter L, Chapter 285, Health and Safety Code.

2-44 SECTION 3. Subsection (i), Section 31.01, Tax Code, is
2-45 amended to read as follows:

2-46 (i) For a municipality [~~city or town~~] that imposes an
2-47 additional sales and use tax under Section 321.101(b) or Chapter
2-48 326 [~~of this code~~], or a county that imposes a sales and use tax
2-49 under Chapter 323 or 326 [~~of this code~~], the tax bill shall indicate
2-50 the amount of additional ad valorem taxes, if any, that would have
2-51 been imposed on the property if additional ad valorem taxes had been
2-52 imposed in an amount equal to the amount of revenue estimated to be
2-53 collected from the additional municipal [~~city~~] sales and use tax or
2-54 from the county sales and use tax, as applicable, for the year
2-55 determined as provided by Section 26.041 [~~of this code~~].

2-56 SECTION 4. Sections 2 and 3 of this Act apply only to ad
2-57 valorem taxes that are imposed for an ad valorem tax year that
2-58 begins on or after January 1, 2008.

2-59 SECTION 5. (a) Except as provided by Subsection (b) of
2-60 this section, this Act takes effect September 1, 2007.

2-61 (b) Sections 2 and 3 of this Act take effect January 1, 2008.

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