

**House Bill 3417**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

No equivalent provision.

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

(1) one-eighth of one percent;

(2) one-fourth of one percent;

(3) three-eighths of one percent; or

(4) one-half of one percent.

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

SENATE VERSION

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. Same as House version.

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SECTION 2. Section 363.154(e), Local Government Code, is amended to read as follows:

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

SECTION 3. Section 363.302(c), Local Government Code, is amended to read as follows:

(c) If on the date that the district is dissolved the district has outstanding short-term or long-term liabilities, the board shall, not later than the 30th day after the date of the dissolution, adopt a resolution certifying each outstanding short-term and long-term liability. The political subdivision that created the district shall assume the outstanding short-term and long-term liabilities. The political subdivision shall collect the sales and use tax under Section 321.108 or 323.105, Tax Code, for the remainder of the calendar year and may by resolution of its governing body continue to collect the tax for an additional calendar year if the revenue from the tax is needed to retire liabilities of the district that were assumed by the political subdivision. The governing body shall notify the comptroller of this continuation not later than the 60th day before the date the tax would otherwise expire. Any tax collected after the liabilities have been retired shall be transferred or conveyed as provided by Subsection (a).

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SECTION 3. Same as House version.

SECTION 4. Same as House version.

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SECTION 4. Subchapter B, Chapter 321, Tax Code, is amended by adding Section 321.108 to read as follows:

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

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

(c) The governing body of the municipality that proposed the creation of the crime control and prevention district may call an election in the district on the question of decreasing the tax rate in increments of one-eighth of one percent in the district. At the election, the ballot shall be printed to provide for voting for or against the following proposition: "The decrease of the \_\_\_\_\_ Crime Control and Prevention District sales and use tax rate to \_\_\_\_\_ percent."

(d) The rate of a tax adopted for a district under this

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SECTION 5. Same as House version.

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section may be increased in increments of one-eighth of one percent, not to exceed a total tax rate of one-half percent for financing the operation of the crime control and prevention district, by order of the board of directors of the crime control and prevention district if approved by a majority of the voters voting at an election called by the board and held in the district on the question of increasing the tax rate. At the election, the ballot shall be printed to provide for voting for or against the following proposition: "The increase of the \_\_\_\_\_ Crime Control and Prevention District sales and use tax rate to \_\_\_\_\_ percent." If there is an increase or decrease under this subsection in the rate of a tax imposed under this section, the new rate takes effect on the first day of the next calendar quarter after the expiration of one calendar quarter after the comptroller receives notice of the increase or decrease. However, if the comptroller notifies the president of the board of directors of the district in writing within 10 days after receipt of the notification that the comptroller requires more time to implement reporting and collection procedures, the comptroller may delay implementation of the rate change for another calendar quarter, and the new rate takes effect on the first day of the next calendar quarter following the elapsed quarter.

(e) The comptroller shall remit to the municipality amounts collected at the rate imposed under this section as part of the regular allocation of municipal tax revenue collected by the comptroller if the district is composed of the entire municipality. The comptroller shall, if the

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district is composed of an area less than the entire municipality, remit that amount to the district. Retailers may not be required to use allocation and reporting procedures in the collection of taxes under this section that are different from the procedures that retailers use in the collection of other sales and use taxes under this chapter. An item, transaction, or service that is taxable in a municipality under a sales or use tax authorized by another section of this chapter is taxable under this section. An item, transaction, or service that is not taxable in a municipality under a sales or use tax authorized by another section of this chapter is not taxable under this section.

(f) If, in a municipality in which a crime control and prevention district is composed of the whole municipality, a municipal sales and use tax or a municipal sales and use tax rate increase for the purpose of financing a crime control and prevention district is approved, the municipality is responsible for distributing to the district that portion of the municipal sales and use tax revenue received from the comptroller that is to be used for the purposes of financing the crime control and prevention district. Not later than the 10th day after the date the municipality receives money under this section from the comptroller, the municipality shall make the distribution in the proportion that the crime control and prevention portion of the tax rate bears to the total sales and use tax rate of the municipality. The amounts distributed to a crime control and prevention district are not considered to be additional municipal sales and use

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tax revenue for the purpose of property tax reduction and computation of the municipal tax rate under Section 26.041.

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

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

SECTION 5. (a) In a crime control and prevention district created by a municipality before the effective date of this Act, an item, transaction, or service that is taxable in the municipality under a sales or use tax authorized by Chapter 321, Tax Code, is taxable under Section 321.108, Tax Code, as added by this Act, for the district, and an item, transaction, or service that is not taxable in the municipality under a sales or use tax authorized by Chapter 321, Tax Code, is not taxable under Section 321.108, Tax Code, as added by this Act, for the district.

(b) The comptroller shall implement any change necessary as a result of the change in law made by this Act on or before January 1, 2008.

SECTION 6. Same as House version.

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

SENATE VERSION

SECTION 7. Same as House version.

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