

By: Martinez

H.B. No. 847

A BILL TO BE ENTITLED

AN ACT

relating to the maximum rate of certain local sales and use taxes.

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

SECTION 1. Section 504.254(a), Local Government Code, as effective April 1, 2009, is amended to read as follows:

(a) An authorizing municipality may not adopt a rate under this chapter that, when added to the rates of all other sales and use taxes imposed by the authorizing municipality and other political subdivisions of this state having territory in the authorizing municipality, would result in a combined rate exceeding three [~~two~~] percent.

SECTION 2. Section 321.101(f), Tax Code, is amended to read as follows:

(f) A municipality may not adopt or increase a sales and use tax or an additional sales and use tax under this section if as a result of the adoption or increase of the tax the combined rate of all sales and use taxes imposed by the municipality and other political subdivisions of this state having territory in the municipality would exceed three [~~two~~] percent at any location in the municipality.

SECTION 3. Sections 321.102(e) and (g), Tax Code, are amended to read as follows:

(e) If as a result of the imposition or increase in a sales and use tax by a municipality in which there is located all or part

1 of a local governmental entity that has adopted a sales and use tax  
2 or as a result of the annexation by a municipality of all or part of  
3 the territory in a local governmental entity that has adopted a  
4 sales and use tax the overlapping local sales and use taxes in the  
5 area will exceed three [~~two~~] percent, the entity's sales and use  
6 tax is automatically reduced in that area to a rate that when added  
7 to the combined rate of local sales and use taxes will equal three  
8 [~~two~~] percent.

9 (g) Subsections (e) and (f) do not apply if and during any  
10 period in which a local governmental entity has outstanding  
11 indebtedness or obligations that are payable wholly or partly from  
12 the sales and use tax revenue of the entity. A municipality may not  
13 implement the imposition or increase of the sales and use tax as a  
14 result of the circumstances described by Subsection (e) if, as a  
15 result of the implementation of that imposition or increase, the  
16 combined rate of all sales and use taxes imposed by the  
17 municipality, the local governmental entity, and any other  
18 political subdivisions having territory in the district would  
19 exceed three [~~two~~] percent at any location in the municipality.

20 SECTION 4. Sections 323.101(d) and (e), Tax Code, are  
21 amended to read as follows:

22 (d) A county may not adopt a sales and use tax under this  
23 section if as a result of the adoption of the tax the combined rate  
24 of all sales and use taxes imposed by the county and other political  
25 subdivisions of this state having territory in the county would  
26 exceed three [~~two~~] percent at any location in the county.

27 (e) If the voters of a county approve the adoption of a sales

1 and use tax at an election held on the same election date on which a  
2 municipality having territory in the county adopts a sales and use  
3 tax or an additional sales and use tax and as a result the combined  
4 rate of all sales and use taxes imposed by the county and other  
5 political subdivisions of this state having territory in the county  
6 would exceed three [~~two~~] percent at any location in the county, the  
7 election to adopt a county sales and use tax has no effect.

8 SECTION 5. Section 8(f), Article 6550c-3, Revised Statutes,  
9 is amended to read as follows:

10 (f) A district may not adopt a sales and use tax rate,  
11 including a rate increase, that when combined with the rates of all  
12 sales and use taxes imposed by other political subdivisions of the  
13 state having territory in the district exceeds three [~~two~~] percent  
14 in any location in the district.

15 SECTION 6. This Act takes effect immediately if it receives  
16 a vote of two-thirds of all the members elected to each house, as  
17 provided by Section 39, Article III, Texas Constitution. If this  
18 Act does not receive the vote necessary for immediate effect, this  
19 Act takes effect September 1, 2009.