

By: Gutierrez

H.B. No. 704

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the rate of a local sales and use tax imposed by certain  
3 local governmental entities.

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

5 SECTION 1. Subtitle C, Title 3, Tax Code, is amended by  
6 adding Chapter 328 to read as follows:

7 CHAPTER 328. RATE OF CERTAIN LOCAL SALES AND USE TAXES ADOPTED OR  
8 CHANGED

9 Sec. 328.001. DEFINITION. In this chapter, "taxing  
10 authority" means a local governmental entity that imposes a local  
11 sales and use tax administered and computed under this subtitle and  
12 to which this subtitle applies, including a tax imposed under:

- 13 (1) Chapter 321, 322, 323, 324, 325, or 327;  
14 (2) the Health and Safety Code;  
15 (3) the Local Government Code;  
16 (4) the Transportation Code;  
17 (5) the Special District Local Laws Code; or  
18 (6) a local or special law authorizing the imposition  
19 of a sales and use tax.

20 Sec. 328.002. APPLICABILITY. This chapter does not apply  
21 to a taxing authority that is authorized to impose a local sales and  
22 use tax at only one specific rate.

23 Sec. 328.003. TAX RATE. (a) A taxing authority that is  
24 authorized to adopt a local sales and use tax at a rate that is set

1 at an increment of one-fourth or one-eighth of one percent may  
2 instead adopt the tax at a rate that is set at an increment of  
3 one-sixteenth of one percent.

4 (b) A taxing authority that is authorized to impose a local  
5 sales and use tax at a rate that may be increased or decreased in  
6 increments of one-fourth or one-eighth of one percent may instead  
7 increase or decrease the rate in increments of one-sixteenth of one  
8 percent.

9 Sec. 328.004. EFFECT ON OTHER LAW. (a) Except as provided  
10 by Subsection (b), to the extent this chapter conflicts with  
11 another law, this chapter prevails.

12 (b) This chapter does not affect a law establishing:

13 (1) the purpose for which a local sales and use tax may  
14 be imposed;

15 (2) the maximum or minimum rate at which a local sales  
16 and use tax may be imposed by a particular taxing authority or for a  
17 particular purpose;

18 (3) the general power of a particular taxing authority  
19 to adopt, increase, decrease, or abolish a local sales and use tax;  
20 or

21 (4) the maximum combined rate of all local sales and  
22 use taxes imposed by a political subdivision having territory in a  
23 taxing authority.

24 SECTION 2. This Act takes effect September 1, 2011.