

By: Paxton

H.B. No. 2958

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the effect of a change in the state sales and use tax
3 base on certain ad valorem tax rates of certain taxing units and the
4 dedication of revenue attributable to the expansion of the state
5 sales and use tax base to ad valorem tax relief.

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

7 SECTION 1. Chapter 26, Tax Code, is amended by adding
8 Section 26.042 to read as follows:

9 Sec. 26.042. EFFECT OF CHANGE IN STATE SALES AND USE TAX
10 BASE ON TAX RATE OF CERTAIN TAXING UNITS IMPOSING SALES AND USE TAX.

11 (a) This section applies to the calculation of the effective tax
12 rate and rollback tax rate of a taxing unit only in the first tax
13 year following any one-year period in which one or more amendments
14 to Chapter 151 take effect that change the items taxable under that
15 chapter and cumulatively will result in an average increase or
16 decrease in the amount of sales and use tax revenue received by each
17 taxing unit that imposes a sales and use tax of at least two percent
18 as estimated by the comptroller.

19 (b) If the changes in the items taxable under Chapter 151
20 cumulatively will result in an average increase in the amount of
21 sales and use tax revenue received, the effective tax rate and
22 rollback tax rate of a taxing unit that imposes an additional sales
23 and use tax or of a municipality that imposes a sales and use tax
24 under Section 321.101(a) are reduced by the rate that, if applied to

1 the current total value, would impose an amount of taxes equal to
2 the amount of revenue gained because of the changes.

3 (c) If the changes in the items taxable under Chapter 151
4 cumulatively will result in an average decrease in the amount of
5 sales and use tax revenue received, the effective tax rate and
6 rollback tax rate of a taxing unit that imposes an additional sales
7 and use tax or of a municipality that imposes a sales and use tax
8 under Section 321.101(a) are increased by the rate that, if applied
9 to the current total value, would impose an amount of taxes equal to
10 the amount of revenue lost because of the changes.

11 (d) The comptroller shall provide to the designated officer
12 or employee of each taxing unit that imposes an additional sales and
13 use tax or municipality that imposes a sales and use tax under
14 Section 321.101(a):

15 (1) a projection of the revenue that will be generated
16 by the additional sales and use tax imposed by the taxing unit or
17 the sales and use tax imposed by the municipality under Section
18 321.101(a) in the following year that takes into account the
19 changes in the items taxable under Chapter 151; and

20 (2) a projection of the revenue that will be generated
21 by the additional sales and use tax imposed by the taxing unit or
22 the sales and use tax imposed by the municipality under Section
23 321.101(a) in the following year that does not take into account the
24 changes in the items taxable under Chapter 151.

25 (e) In making the projections under Subsection (d), the
26 comptroller shall take into account the estimated amount of taxable
27 sales and uses in the taxing unit or municipality for the preceding

1 four quarters as compiled by the comptroller.

2 (f) In order to determine the amount of revenue gained
3 because of changes in the items taxable under Chapter 151, the
4 designated officer or employee shall subtract the amount of the
5 result of the projection provided to the designated officer or
6 employee under Subsection (d)(2) from the amount of the result of
7 the projection provided to the designated officer or employee under
8 Subsection (d)(1).

9 (g) In order to determine the amount of revenue lost because
10 of changes in the items taxable under Chapter 151, the designated
11 officer or employee shall subtract the amount of the result of the
12 projection provided to the designated officer or employee under
13 Subsection (d)(1) from the amount of the result of the projection
14 provided to the designated officer or employee under Subsection
15 (d)(2).

16 SECTION 2. Section 151.801(a), Tax Code, is amended to read
17 as follows:

18 (a) Except for the amounts allocated under Subsections (b)
19 and (c) and Section 151.802, all proceeds from the collection of the
20 taxes imposed by this chapter shall be deposited to the credit of
21 the general revenue fund.

22 SECTION 3. Subchapter M, Chapter 151, Tax Code, is amended
23 by adding Section 151.802 to read as follows:

24 Sec. 151.802. ALLOCATION OF CERTAIN REVENUE TO PROPERTY TAX
25 RELIEF FUND. All proceeds, other than the amount of the proceeds
26 allocated under Sections 151.801(b) and (c), from the collection of
27 taxes imposed by this chapter attributable to changes in the items

1 taxable under this chapter because of amendments to this chapter
2 that take effect in any one-year period beginning on or after
3 September 1, 2011, and that cumulatively result in an increase in
4 state revenue shall be deposited to the credit of the property tax
5 relief fund under Section 403.109, Government Code.

6 SECTION 4. Section 26.041(f), Tax Code, is repealed.

7 SECTION 5. The changes in law made by this Act relating to
8 the effective tax rate or rollback tax rate of a taxing unit or
9 municipality apply only to the tax rate for a tax year beginning on
10 or after the effective date of this Act.

11 SECTION 6. (a) Except as provided by Subsection (b) of this
12 section, this Act takes effect January 1, 2012.

13 (b) Section 151.801(a), Tax Code, as amended by this Act,
14 and Section 151.802, Tax Code, as added by this Act, take effect
15 September 1, 2011.