

By: Isaac

H.B. No. 3159

A BILL TO BE ENTITLED

AN ACT

relating to the allocation of sales and use tax after a municipality annexes land in an emergency services district and to the provision of emergency services in that area.

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

SECTION 1. Section 775.0753(c), Health and Safety Code, is amended to read as follows:

(c) Except as provided by Sections 775.0754 and 775.0755, the [The] provisions of Section 321.102, Tax Code, governing the application of a municipal sales and use tax in the event of a change in the boundaries of a municipality apply to the application of a tax imposed under this chapter in the event of a change in the district's boundaries.

SECTION 2. Subchapter E, Chapter 775, Health and Safety Code, is amended by adding Sections 775.0754 and 775.0755 to read as follows:

Sec. 775.0754. SALES AND USE TAX AGREEMENT WITH MUNICIPALITY AFTER ANNEXATION. (a) This section applies when:

(1) a municipality annexes for full purposes part of a district that imposes a sales and use tax; and

(2) the annexed area is not removed from the district.

(b) The municipality and the district may, before or after the annexation, agree on an allocation between the municipality and the district of revenue from the sales and use tax imposed in the

1 annexed area.

2 (c) Under policies and procedures that the comptroller
3 considers reasonable, the comptroller shall pay the amounts agreed
4 to between the municipality and the district.

5 (d) A municipality that enters into an agreement under this
6 section is not required to provide emergency services in that
7 annexed territory. To the extent of a conflict between this
8 subsection and Section 43.056, Local Government Code, or any other
9 law, this subsection controls.

10 (e) Section 321.102(f), Tax Code, does not apply if the
11 municipality and the district enter into an agreement under this
12 section.

13 Sec. 775.0755. SALES AND USE TAX ALLOCATION BY COMPTROLLER
14 AFTER MUNICIPAL ANNEXATION. (a) This section applies when:

15 (1) a municipality annexes for full purposes part of a
16 district that imposes a sales and use tax;

17 (2) the annexed area is not removed from the district;
18 and

19 (3) the municipality and the district do not enter
20 into an agreement under Section 775.0754(b).

21 (b) The sales and use tax rate for the municipality and the
22 sales and use tax rate for the district in the annexed area shall
23 both be reduced in an amount equal to one-half of the amount that
24 the combined sales and use tax rate in the area from all sources
25 exceeds two percent.

26 (c) Under policies and procedures that the comptroller
27 considers reasonable, the comptroller shall pay the revenue from

1 the sales and use tax imposed in the annexed area based on the tax
2 rates determined under this section.

3 (d) A municipality that is a party to an allocation under
4 this section is not required to provide emergency services in that
5 annexed territory. To the extent of a conflict between this
6 subsection and Section 43.056, Local Government Code, or any other
7 law, this subsection controls.

8 (e) Section 321.102(f), Tax Code, does not apply to an
9 allocation made under this section.

10 SECTION 3. This Act takes effect September 1, 2013.