

By: Lavender

H.B. No. 3742

A BILL TO BE ENTITLED

AN ACT

1
2 to repeal certain state sales, use, excise, franchise, severance,
3 production, occupations, gross receipts and inheritance taxes, to
4 repeal or limit certain local sales, use, excise and ad valorem
5 property taxes, to enact a statewide and local value added tax, and
6 to reform school finance and administration; providing penalties.

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

8 ARTICLE 1. REPEAL OF CERTAIN STATE TAXES

9 SECTION 1.01. Subject to Sections 1.02 and 1.03 of this
10 Article, and effective on and after September 1, 2013 (as used in
11 this Article 1, the "Effective Date"), TAX CODE, TITLE 2, STATE
12 TAXATION, is amended as set forth below.

13 (A) SUBTITLE E, SALES, EXCISE AND USE TAXES, is amended as
14 set forth below.

15 (1) Chapter 151, LIMITED SALES, EXCISE AND USE TAX, is
16 repealed in its entirety.

17 (2) Chapter 152, TAXES ON SALE, RENTAL AND USE OF MOTOR
18 VEHICLES, is repealed in its entirety.

19 (3) Chapter 154, CIGARETTE TAX, is repealed in its
20 entirety.

21 (4) Chapter 155, CIGARS AND TOBACCO PRODUCTS TAX, is
22 repealed in its entirety.

23 (5) Chapter 156, HOTEL OCCUPANCY TAX, is repealed in
24 its entirety.

1 (6) Chapter 158, MANUFACTURED HOUSING SALES AND USE
2 TAX, is repealed in its entirety.

3 (7) Chapter 159, CONTROLLED SUBSTANCES TAX, is
4 repealed in its entirety.

5 (8) Chapter 160, TAXES ON SALES AND USE OF BOATS AND
6 BOAT MOTORS, is repealed in its entirety.

7 (9) Chapter 161, FIREWORKS TAX, is repealed in its
8 entirety.

9 (10) Chapter 162, MOTOR FUEL TAXES, is repealed in its
10 entirety.

11 (B) SUBTITLE F, Chapter 171, FRANCHISE TAX, is repealed in
12 its entirety.

13 (C) SUBTITLE G, GROSS RECEIPTS TAXES, is amended as set
14 forth below.

15 (1) Chapter 181, CEMENT PRODUCTION TAX, is repealed in
16 its entirety.

17 (2) Chapter 182, MISCELLANEOUS GROSS RECEIPTS TAXES,
18 is repealed in its entirety.

19 (3) Chapter 183, MIXED BEVERAGE TAX, is repealed in
20 its entirety.

21 (D) SUBTITLE H, BUSINESS PERMIT TAXES, is amended as set
22 forth below.

23 (1) Chapter 191, SUBCHAPTERS E, F, G AND H are repealed
24 in their entirety.

25 (E) SUBTITLE I, SEVERANCE TAXES, is amended as set forth
26 below.

27 (1) Chapter 201, GAS PRODUCTION TAX, is repealed in

1 its entirety.

2 (2) Chapter 202, OIL PRODUCTION TAX, is repealed in
3 its entirety.

4 (3) Chapter 203, SULPHUR PRODUCTION TAX, is repealed
5 in its entirety.

6 (4) Chapter 204, TAX CREDIT FOR NEW FIELD DISCOVERIES,
7 is repealed in its entirety.

8 (F) SUBTITLE J, INHERITANCE TAX, is amended as set forth
9 below.

10 (1) Chapter 211, INHERITANCE TAXES, is repealed in its
11 entirety.

12 SECTION 1.02.

13 (A) Subject to the provisions of Section 1.02(B) of this
14 Article, the repeal of the various Tax Code chapters and sections
15 referenced in this Article shall be prospective in application only
16 and without prejudice to any rights and obligations of taxpayers,
17 or the amounts owed to and the authorities of the comptroller or of
18 this state, accruing or arising with respect to periods prior to the
19 Effective Date, including but not limited to refunds, adjustments
20 and similar items that would otherwise have been payable by or on
21 behalf of the comptroller on or after the Effective Date.

22 (B) Notwithstanding the foregoing, but without prejudice to
23 any other applicable limitation of actions, expiration or "sunset"
24 provision, no judicial or administrative enforcement action shall
25 be commenced by any authority of this state or any of its political
26 subdivisions under the provisions so repealed on or after the fifth
27 anniversary of the Effective Date.

1 SECTION 1.03.

2 (A) Except as otherwise expressly provided in Section
3 1.03(B) of this Article, the comptroller shall make a determination
4 as to the amounts of revenues that, in the fiscal year of enactment,
5 were allocated to funds and accounts, or to municipalities,
6 counties or other bodies, for which special allocation had been
7 made under the provisions repealed by this Article 1, and shall,
8 with such frequency as would otherwise have been applicable under
9 the provisions so repealed, cause like amounts to be deposited out
10 of the general revenue fund to the credit of such specially
11 allocated funds and accounts, or issue a warrant drawn on the
12 general revenue fund to such municipalities, counties or other
13 bodies, as applicable, during subsequent fiscal periods until entry
14 into effect in each case of any contrary provision by act of the
15 legislature. Any limitations on use by the recipients of such funds
16 under the provisions so repealed shall continue in effect under
17 this section until entry into effect in each case of any contrary
18 provision by act of the legislature.

19 (B) Notwithstanding the foregoing, the comptroller shall
20 not continue to allocate or pay any amounts allocated under the
21 repealed provisions for the purpose of administration, collection
22 and/or enforcement of any taxes so repealed.

23 ARTICLE 2.

24 STATE VALUE ADDED TAX

25 SECTION 2.01. Subject to Section 2.02 of this Article, and
26 effective on and after September 1, 2013 (as used in this Article 1,
27 the "Effective Date"), TAX CODE, TITLE 2, STATE TAXATION, is amended

1 by adding new Subchapter K to read as follows:

2 TAX CODE

3 TITLE 2. STATE TAXATION

4 SUBTITLE K. STATE VALUE ADDED TAX

5 CHAPTER 220. VALUE ADDED TAX

6 SUBCHAPTER A. GENERAL PROVISIONS

7 Sec. 220.001. SHORT TITLE. This chapter may be cited as the
8 Texas State Value Added Tax Act.

9 Sec. 220.002. DEFINITIONS. In this chapter:

10 (1) "Comptroller" means the Comptroller of Public
11 Accounts of the State of Texas.

12 (2) "In this state" means within the exterior limits
13 of Texas and includes all territory within these limits ceded to or
14 owned by the United States.

15 (3) "Local taxing unit" means any county,
16 municipality, school district, special district or authority
17 (including but not limited to a junior college district, a hospital
18 district, a district created by or pursuant to the Water Code, a
19 mosquito control district, a fire prevention district, a crime
20 control district, a noxious weed control district, a transportation
21 district or authority) or any other political unit of this state,
22 whether created by or pursuant to the constitution or a local,
23 special, or general law, that is authorized to impose and is
24 imposing value added taxes even if the governing body of another
25 political unit determines the tax rate for the unit or otherwise
26 governs its affairs.

27 (4) "Municipality" means any incorporated city, town

1 or village, including but not limited to a home-rule city.

2 (5) "Person" means any individual natural person or
3 any partnership, corporation, limited liability company, trust, or
4 other legal entity.

5 (6) "Place of business of the taxpayer" means an
6 established outlet, office, or location operated by the taxpayer or
7 the taxpayer's agent or employee for the purpose of receiving
8 orders for supply of services or property and includes any location
9 at which three or more orders are received by the taxpayer during a
10 calendar year. A warehouse, storage yard, or manufacturing plant
11 is not a "place of business of the taxpayer" unless at least three
12 orders are received by the taxpayer during the calendar year at the
13 warehouse, storage yard, or manufacturing plant. An outlet, office,
14 facility, or any location that contracts with a commercial business
15 to process for that business invoices, purchase orders, bills of
16 lading, or other equivalent records onto which value added tax is
17 added, including an office operated for the purpose of buying and
18 selling taxable services or property to the commercial business, is
19 not a "place of business of the taxpayer" if the comptroller
20 determines that the outlet, office, facility, or location functions
21 or exists to avoid the tax imposed by this chapter or to rebate a
22 portion of the tax imposed by this chapter to the contracting
23 business. Notwithstanding any other provision of this subdivision,
24 a kiosk is not a "place of business of the taxpayer." In this
25 subdivision, "kiosk" means a small stand-alone area or structure
26 that:

27 (A) is used solely to display merchandise or to

1 submit orders for taxable services or property from a data entry
2 device, or both;

3 (B) is located entirely within a location that is
4 a place of business of another taxpayer, such as a department store
5 or shopping mall; and

6 (C) at which taxable goods or services are not
7 available for immediate delivery to a customer.

8 (7) "Place of supply" means:

9 (A) in the case of goods and other tangible
10 personal property, the location in this state at which the customer
11 or its agent acquires actual custody and control of such goods or
12 other tangible personal property,

13 (B) in the case of services or intangible
14 personal property, the taxpayer's place of business in this state
15 or, if more than one, (i) the place of business in this state where
16 the order is first placed by the customer, provided that the order
17 is placed in person or, if (i) does not apply, (ii) the place of
18 business in this state most involved in consummating the supply in
19 question or, if neither (i) nor (ii) apply, the location in this
20 state at which the service or intangible personal property is
21 performed or otherwise delivered, and

22 (C) in the case of real property, including but
23 not limited to all property in the nature of fixtures thereto, the
24 situs of such property in this state.

25 (8) "Service" includes, without limitation of its more
26 general meaning, any service received by the customer either
27 directly or indirectly through any electronic, digital or

1 telephonic medium or other means of remote access, and, for the
2 avoidance of doubt, includes electronic delivery or transmission of
3 data, software, music, video, photographs, writings or other
4 informational content or interactive service.

5 (9) "Supply" means to sell, transfer, barter,
6 exchange, license, let, lease, loan, rent or render to any other
7 person any service or property in consideration for payment or
8 other receipt of value.

9 (10) "Tangible personal property" means personal
10 property that can be seen, weighed, measured, felt, or touched or
11 that is perceptible to the senses in any other manner.

12 (11) (A) "Taxable receipts" means the aggregate value
13 of payments or other consideration received by a taxpayer on
14 account of its supply in this state of services and property on
15 which the value added tax is imposed under this chapter, without a
16 deduction for the cost of:

17 (i) the service or property supplied;
18 (ii) the materials used, labor or service
19 employed, interest, losses, or other expenses; or
20 (iii) transportation or installation
21 incident to the supply of the service or property.

22 (B) "Taxable receipts" does not include:

23 (i) discounts and refunds given by the
24 taxpayer if separately identified to the customer by such means as
25 an invoice, billing, sales slip or ticket, or contract,

26 (ii) the face value of United States coin or
27 currency in a sale of that coin or currency in which the total

1 consideration given by the customer exceeds the face value of the
2 coin or currency, or

3 (iii) a voluntary gratuity or a reasonable
4 mandatory charge for the service of a meal or food products,
5 including soft drinks and candy, for immediate human consumption
6 when the service charge is separated from the sales price of the
7 meal or food product and identified as a gratuity or tip and when
8 the total amount of the service charge is disbursed by the employer
9 to employees who customarily and regularly provide the service.

10 (C) The "taxable receipts" arising from
11 membership in a private club or organization consist of the dues,
12 fees, and other charges and assessments, including initiation fees,
13 required for membership or a special privilege, status, or
14 membership classification in the club or organization.

15 (10) "Taxpayer" means any person who, but for an
16 exemption established for such person under Subchapter D of this
17 chapter, would be subject to the value added tax under the terms of
18 Section 220.101 or, for purposes of reporting, collections and
19 enforcement, under the terms of the provisions permitting direct
20 payment by direct payment permit holders.

21 (11) "Value added tax" means any tax so called and
22 imposed by this state, any local taxing unit in this state, and any
23 transit authority in this state having the power to impose such a
24 tax under applicable provisions of the laws of this state.

25 [Sections 220.008-220.050 reserved for expansion]

26 SUBCHAPTER B. ADMINISTRATION AND RECORDS

27 Sec. 220.051. RULES. The comptroller shall adopt and

1 prescribe reasonable rules and forms that are consistent with this
2 chapter for the administration, collection, reporting and
3 enforcement of its provisions, including but not limited to rules
4 related to reporting requirements under this chapter and
5 apportioning supplies of services and property to this state and
6 its political subdivisions.

7 Sec. 220.052. EMPLOYEES. The comptroller may employ
8 accountants, auditors, investigators, assistants, and clerks for
9 the administration of this chapter and may delegate to employees
10 the authority to conduct hearings, prescribe rules, and perform
11 other duties required by this chapter.

12 Sec. 220.053. RETROACTIVE EFFECT OF RULES. The comptroller
13 may prescribe the extent to which a rule or ruling shall be applied
14 without retroactive effect.

15 Sec. 220.054 INVESTIGATIONS AND AUDITS. (a) The
16 comptroller, or another person authorized by the comptroller in
17 writing, may examine, copy, and photograph the books, records,
18 papers, and equipment of a person who engages in a taxable supply of
19 services or property and may investigate the character of the
20 business of the person to verify the accuracy of the person's report
21 or to determine the amount of tax that may be required to be paid if
22 no report has been filed.

23 (b) For the purpose of determining the amount of tax
24 collected and payable to the state, the amount of tax accruing and
25 due, and whether a tax liability has been incurred under this
26 chapter, the comptroller or a person authorized by the comptroller
27 may:

1 (1) inspect at any time during business hours any
2 business premises where a taxable event has occurred and examine,
3 copy, and photograph the books, returns, records, papers, and
4 equipment relating to the conduct in question; and

5 (2) require by delivery of written notice to the
6 taxpayer or to an employee, representative, or agent of the
7 taxpayer that, not later than the 10th working day after the date
8 the notice is delivered, the taxpayer produce to an agent or
9 designated representative of the comptroller for inspection the
10 books, records, papers, and returns relating to the taxable
11 activity stated in the notice.

12 Sec. 220.055. MANAGED AUDITS. (a) In this section,
13 "managed audit" means a review and analysis of invoices, checks,
14 accounting records, or other documents or information to determine
15 a taxpayer's liability for tax under this chapter.

16 (b) A managed audit may be limited to certain categories of
17 liability under this chapter, including tax on:

18 (1) supplies made by the taxpayer of one or more types
19 of services or property;

20 (2) supplies made to the taxpayer of one or more types
21 of services or property;

22 (3) supplies made to the taxpayer under a direct
23 payment permit; or

24 (4) any other category specified in an agreement
25 authorized by this section.

26 (c) The comptroller may, in a written agreement, authorize a
27 taxpayer to conduct a managed audit under this section. The

1 agreement must:

2 (1) be signed by an authorized representative of the
3 comptroller and the taxpayer; and

4 (2) specify the period to be audited and the procedure
5 to be followed.

6 (d) In determining whether to authorize a managed audit, the
7 comptroller may consider, in addition to other factors the
8 comptroller considers relevant:

9 (1) the taxpayer's history of tax compliance;

10 (2) the amount of time and resources the taxpayer has
11 available to dedicate to the audit;

12 (3) the extent and availability of the taxpayer's
13 records; and

14 (4) the taxpayer's ability to pay any expected
15 liability.

16 (e) The decision to authorize or not authorize a managed
17 audit rests solely with the comptroller.

18 (f) The comptroller may examine records and perform reviews
19 that the comptroller determines are necessary before the audit is
20 finalized to verify the results of the audit.

21 (g) Unless the audit or information reviewed by the
22 comptroller under Subsection (f) discloses fraud or willful evasion
23 of the tax, the comptroller may not assess a penalty and may waive
24 all or part of the interest that would otherwise accrue on any
25 amount identified to be due in a managed audit. This subsection
26 does not apply to any amount collected by the taxpayer that was a
27 tax or represented to be a tax but that was not reported as such to

1 this state.

2 (h) Except as provided by Section 111.104(f), the taxpayer
3 is entitled to a refund of any tax overpayment disclosed by a
4 managed audit under this section.

5 Sec. 220.056. PERSONS WHO MAY BE REGARDED AS SUPPLIERS. If
6 the comptroller determines that it is necessary for the efficient
7 administration of this chapter to regard a salesman,
8 representative, peddler, or canvasser as the agent of a dealer,
9 distributor, supervisor, or employer under whom he operates or from
10 whom he obtains the tangible personal property that he supplies to
11 others, whether or not the supply is made in his own behalf or for
12 the dealer, distributor, supervisor, or employer, the comptroller
13 may so regard the salesman, representative, peddler, or canvasser,
14 and may regard the dealer, distributor, supervisor, or employer as
15 the supplier for the purpose of this chapter.

16 Sec. 220.057. RECORDS REQUIRED TO BE KEPT. (a) All
17 taxpayers shall keep the following records in the form the
18 comptroller requires:

19 (1) records of all gross receipts, including
20 documentation in the form of receipts, shipping manifests,
21 invoices, and other pertinent papers, from each taxable supply of
22 services or property made by such taxpayer during each reporting
23 period;

24 (2) records in the form of receipts, shipping
25 manifests, invoices, and other pertinent papers from each taxable
26 supply of services or property made to such taxpayer from every
27 source during each reporting period;

1 (3) records in the form of receipts, shipping
2 manifests, invoices, and other pertinent papers that substantiate
3 each claimed deduction, credit, refund or exclusion authorized by
4 law; and

5 (4) records in the form of sales receipts, invoices,
6 or other equivalent records showing all value added tax, and any
7 money represented to be value added tax, received or collected on
8 each taxable supply of services or property made by such supplier
9 during each reporting period.

10 (b) A record required by Subsection (a) shall be kept for
11 not less than four years from the date that it is made unless:

12 (1) the comptroller authorizes in writing its
13 destruction at an earlier date; or

14 (2) other applicable provisions of law require that
15 the record be kept for a longer period.

16 Sec. 220.058. OUT-OF-STATE RECORDS. A taxpayer is entitled
17 to keep or store the taxpayer's records outside this state. If the
18 comptroller requests to examine a record kept or stored outside
19 this state, the taxpayer shall bring the record into this state for
20 the examination or permit the comptroller to examine the record at
21 the out-of-state location.

22 Sec. 220.059. CONFIDENTIALITY OF TAX INFORMATION. (a)
23 Information in or derived from a record, report, or other
24 instrument required to be furnished under this chapter is
25 confidential and not open to public inspection, except for
26 information set forth in a lien filed under this title or a permit
27 issued under this chapter to a supplier and except as provided by

1 Subsection (c) of this section.

2 (b) Information secured, derived, or obtained during the
3 course of an examination of a taxpayer's books, records, papers,
4 officers, or employees, including the business affairs,
5 operations, profits, losses, and expenditures of the taxpayer, is
6 confidential and not open to public inspection except as provided
7 by Subsection (c) of this section.

8 (c) This section does not prohibit:

9 (1) the examination of information, if authorized by
10 the comptroller, by another state officer or law enforcement
11 officer, by a tax official of another state, by a tax official of
12 the United Mexican States, or by an official of the United States if
13 a reciprocal agreement exists;

14 (2) the delivery to a taxpayer, or a taxpayer's
15 authorized representative, of a copy of a report or other paper
16 filed by the taxpayer under this chapter;

17 (3) the publication of statistics classified to
18 prevent the identification of a particular report or items in a
19 particular report;

20 (4) the use of records, reports, or information
21 secured, derived, or obtained by the attorney general or the
22 comptroller in an action under this chapter against the same
23 taxpayer who furnished the information;

24 (5) the delivery to a successor, receiver, executor,
25 administrator, assignee, or guarantor of a taxpayer of information
26 about items included in the measure and amounts of any unpaid tax or
27 amounts of tax, penalties, and interest required to be collected;

1 (6) the delivery of information to a municipality,
2 county, or other local governmental entity in accordance with
3 Section 321.3022, 322.2022, or 323.3022; or

4 (7) the release of information in or derived from a
5 record, report, or other instrument required to be furnished under
6 this chapter by a governmental body, as that term is defined in
7 Section 552.003, Government Code.

8 Sec. 220.060. REMEDIES NOT EXCLUSIVE. An action taken by
9 the comptroller or the attorney general under this chapter is not an
10 election to pursue one remedy to the exclusion of any other remedy
11 authorized by this chapter.

12 Sec. 220.061. TAXPAYER'S COLLECTION OF TAX AND ISSUANCE OF
13 RECEIPTS AND RECORDS. (a) Each taxpayer shall collect the value
14 added tax due on each taxable supply of services and property and,
15 upon receiving payment or other value in consideration for such
16 supply, issue a written or printed receipt to the customer clearly
17 and separately stating both the taxable value of the service or
18 property supplied and the percent and amount of each value added tax
19 (state and local) imposed with respect to such transaction.

20 (b) When the amount of value added tax is added, it becomes a
21 part of the price of the supply, thereby becoming a debt of the
22 customer to the taxpayer until paid and, if unpaid, it is
23 recoverable at law in the same manner as the original supply price.

24 (c) To the extent so provided by regulations issued by the
25 comptroller, such receipts shall also bear the appropriate code(s)
26 assigned by the comptroller to the place of supply and local taxing
27 unit or units applicable to the transaction in question.

1 (d) Subject to any requirements as to form and manner
2 prescribed by the comptroller, receipts may be issued in any medium
3 customarily utilized by the taxpayer for this purpose in compliance
4 with applicable laws and regulations, including but not limited to
5 paper, electronic, optical or other storage or display media,
6 provided that they are (i) amenable to retention of copies in the
7 taxpayer's records, as well as the permanent storage and ready
8 access and review of such copies for purposes of audit, and (ii)
9 amenable to being furnished to and retained by the customer.

10 (e) Taxpayers shall maintain adequate records of all such
11 taxable transactions in the manner, and for the time periods,
12 established by applicable regulations issued by the comptroller,
13 which shall be in such form and detail as shall be sufficient for
14 audit as necessary at all times during the periods over which the
15 comptroller has the right to require audits of the taxpayer's
16 taxable receipts and related transactions.

17 [Sections 220.062-220.100 reserved for expansion]

18 SUBCHAPTER C. IMPOSITION OF VALUE ADDED TAX

19 20.101. VALUE ADDED TAX IMPOSED. A value added tax is imposed
20 on any person who in this state supplies any service or property by
21 in the ordinary course of a trade or business in which the person
22 engages for the purpose of profit.

23 Sec. 220.102. LIABILITY FOR VALUE ADDED TAX. Value added
24 tax imposed under this chapter is a liability of the taxpayer, which
25 accrues at the time of supply and thereupon becomes payable in
26 accordance with the accounting, reporting, remittance, collection
27 and enforcement provisions of this chapter and regulations issued

1 by the comptroller pursuant to this chapter.

2 Sec. 220.104. RATE OF TAX. Except in cases where a
3 different rate is deemed to apply by the express provisions of this
4 chapter, the rate of value added tax imposed under this chapter
5 equals seven percent (7%) of the taxpayer's taxable receipts
6 attributable to any applicable tax period.

7 [Sections 220.105-220.150 reserved for expansion]

8 SUBCHAPTER D. EXEMPTIONS

9 Sec. 220.151. EXEMPTION -- SMALL BUSINESSES. A person is
10 exempted from the tax imposed by this chapter for any calendar
11 quarter in which:

12 (1) the amount of value added tax computed for the
13 person during that calendar quarter is less than \$1000; or

14 (2) the amount of the person's total taxable receipts
15 during the 12-month period preceding the end of the calendar
16 quarter is less than or equal to \$100,000.

17 Sec. 220.152. EXEMPTION -- GOVERNMENTAL ENTITIES. Each of
18 the following governmental entities is exempted from the tax
19 imposed by this chapter on services or property supplied by such
20 entities to other persons:

21 (1) the United States;

22 (2) an unincorporated instrumentality of the United
23 States;

24 (3) a corporation that is an agency or instrumentality
25 of the United States and is wholly owned by the United States or by
26 another corporation wholly owned by the United States;

27 (4) this state;

1 (5) a county, municipality, school district, special
2 district, or other political subdivision of this state;

3 (6) another state, district or territory of the United
4 States, or a governmental unit of such state, district or
5 territory.

6 Sec. 220.153. EXEMPTION -- RELIGIOUS, EDUCATIONAL, AND
7 PUBLIC SERVICE ORGANIZATIONS. (a) Each of the following types of
8 entities is exempted from the tax imposed by this chapter on
9 services or property supplied by such entities to other persons:

10 (1) an organization created for religious,
11 educational, or charitable purposes if no part of the net earnings
12 of the organization benefits a private shareholder or individual;

13 (2) an organization qualifying for an exemption from
14 federal income taxes under Section 501(c)(3), (4), (8), (10) or
15 (19), Internal Revenue Code, if the service or property supplied by
16 the organization relates to its exempt purpose and no part of the
17 proceeds go to benefit a private individual except as a part of the
18 services of a purely public charity;

19 (3) a nonprofit corporation organized under the laws
20 of this state for the purpose of encouraging agriculture by the
21 maintenance of public fairs and exhibitions of livestock if no
22 individual receives a private benefit; or

23 (4) a nonprofit organization engaged exclusively in
24 providing athletic competition among persons under 19 years old if
25 no financial benefit goes to an individual or shareholder;

26 (5) a company, department, or association organized
27 for the purpose of answering fire alarms and extinguishing fires or

1 for the purpose of answering fire alarms, extinguishing fires, and
2 providing emergency medical services, the members of which receive
3 no compensation or only nominal compensation for their services
4 rendered; or

5 (6) a chamber of commerce or a convention and tourist
6 promotional agency representing at least one Texas city or county
7 if the chamber of commerce or the agency is not organized for profit
8 and no part of its net earnings inures to a private shareholder or
9 other individual.

10 (b) The sale of, or contracting for the sale of, concessions
11 at an event conducted by an organization exempted under Subsection
12 (a)(4) of this section does not prevent the application of the
13 exemption to that organization.

14 (c) A nonprofit hospital or hospital system that qualifies
15 for an exemption under Subsection (a)(2) shall provide community
16 benefits that include charity care and government-sponsored
17 indigent health care as set forth in Subchapter D, Chapter 311,
18 Health and Safety Code.

19 (d) For purposes of obtaining a refund of or claiming a
20 credit for taxes paid under this chapter on the basis of an
21 exemption under this section, an organization is not considered
22 exempted from the taxes imposed by this chapter before the earlier
23 of:

24 (1) the date the organization applied for the
25 exemption with the comptroller; or

26 (2) the date of assessment of the organization's tax
27 liability by the comptroller as a result of an audit, as applicable.

1 [Sections 220.154-220.200 reserved for expansion]

2 SUBCHAPTER E. EXCLUSIONS

3 Sec. 220.201. SERVICES AND/OR PROPERTY EXCLUDED FROM THE
4 VALUE ADDED TAX. The services and property specified in this
5 subchapter E are excluded from the application of the tax imposed by
6 this chapter:

7 Sec. 220.202. MONETARY INSTRUMENTS, FINANCIAL ASSETS AND
8 INVESTMENTS.

9 (a) The issuance, transfer, assignment or exchange of
10 property in the nature of monetary instruments or financial assets
11 and investments are excluded from the application of the value
12 added tax.

13 (b) As used in this section, the term "monetary instruments"
14 means currency, coin, checks, drafts and other negotiable
15 instruments, money orders, cash cards or other instruments used
16 generally as an equivalent substitute for cash, as well as wire
17 transfers, money transmissions and similar transactions effected
18 via electronic communication networks.

19 (c) As used in this section, the term "financial assets and
20 investments" includes:

21 (1) insurance coverage for which a premium is paid or
22 commissions paid to insurance agents for the sale of insurance or
23 annuities;

24 (2) corporate shares, partnership interests,
25 beneficial interest in a trust, or other ownership interests in a
26 legal entity, whether certificated or uncertificated;

27 (3) bonds, debentures, notes, or other evidence of

1 indebtedness or promises to pay value;

2 (4) investments in any open-end investment company, as
3 defined by the Investment Company Act of 1940 (15 U.S.C. Section
4 80a-1 et seq.), that is subject to that Act and that is registered
5 under The Texas Securities Act; and

6 (5) the account value of interests in pension funds,
7 brokerage funds, deposit accounts and distributions therefrom;
8 provided, that the constituent materials and services utilized to
9 produce physical representations of such instruments are not so
10 excluded when sold in bulk or customized for subsequent use.

11 (d) The exclusion of services and property by this section
12 does not operate to exclude any related service or property,
13 whether or not such related service or property is supplied at the
14 time of, or in connection with, or in the supply of the excluded
15 service or property. For the avoidance of doubt, fees, charges,
16 commissions, premiums, interest or other payments to which the
17 taxpayer is entitled above and beyond the principal or investment
18 value of the financial asset or investment to which payments relate
19 are not excluded from the application of the value added tax.

20 Sec. 220.203. INTERCOMPANY SERVICES.

21 (a) Service or property transactions among affiliated
22 entities, at least one of which is a corporation, that report their
23 income to the Internal Revenue Service on a single consolidated
24 return for the tax year in which the transaction occurs, are
25 excluded from the application of the value added tax. For this
26 purpose, "affiliated entity" includes an entity that would be
27 classified as a member of an affiliated group under 26 U.S.C.

1 Section 1504 but for the exclusions provided by that section.

2 (b) Service or property transactions between a legal entity
3 disregarded by the Internal Revenue Service and any person
4 controlling, controlled by, or under common control with such
5 entity are excluded from the application of the value added tax.

6 (c) Services rendered to a legal entity by one or more of its
7 directors, officers, managers or other principals in the ordinary
8 course of fulfilling their responsibilities in those roles but
9 outside of an employment relationship are excluded from the
10 application of the value added tax.

11 Sec. 220.204. EMPLOYMENT SERVICES. The following services
12 are excluded from the application of the value added tax:

13 (1) services rendered by an employee to his or her
14 employer in the ordinary course of the employment relationship for
15 which the employee is paid his or her regular wages or salary;

16 (2) a service performed by an employee of a temporary
17 employment service as defined by Section 93.001, Labor Code, for an
18 employer to supplement the employer's existing work force on a
19 temporary basis, when the service is normally performed by the
20 employer's own employees, the employer provides all supplies and
21 equipment necessary, and the help is under the direct or general
22 supervision of the employer to whom the help is furnished; or

23 (3) a service performed by assigned employees of a
24 staff leasing company, either licensed under Chapter 91, Labor
25 Code, or exempt from the licensing requirements of that chapter,
26 for a client company under a written contract that provides for
27 shared employment responsibilities between the staff leasing

1 company and the client company for the assigned employees, most of
2 whom must have been previously employed by the client company.
3 The comptroller shall prescribe by rule the minimum percentage of
4 assigned employees that must have been previously employed by the
5 client company, the minimum time period the assigned employees must
6 have been employed by the client company prior to the commencement
7 of its contract, and such other criteria as the comptroller may deem
8 necessary to properly implement this section.

9 Sec. 220.205. INCIDENTAL TRANSACTIONS. The following
10 transactions are excluded from the application of the value added
11 tax:

12 (1) less than five incidents of supplying services or
13 property during a 12-month period by a person who does not
14 habitually engage, or hold himself out as engaging, in the business
15 of supplying such services or property;

16 (2) the sale of all or substantially all of the entire
17 operating assets of a business or of a separate division, branch, or
18 identifiable segment of a business;

19 (3) a transfer of all or substantially all the
20 property used by a person in the course of an activity if after the
21 transfer the real or ultimate ownership of the property is
22 substantially similar to that which existed before the transfer;

23 (4) the supply of tangible personal property by an
24 individual if:

25 (A) the property was originally acquired by the
26 individual or a member of the individual's family for the personal
27 use of the individual or the individual's family;

1 (B) the person who does not habitually engage, or
2 hold himself out as engaging, in the business of supplying such
3 property;

4 (C) the individual does not employ an auctioneer,
5 broker, or factor, other than an online auction, to supply the
6 property; and

7 (D) the total receipts from supplying the
8 individual's tangible personal property in a calendar year do not
9 exceed \$3,000;

10 (5) soliciting orders of the services or property in
11 question to be sent outside this state for approval or rejection by
12 the vendor and, if approved, to be filled by the vendor from a point
13 outside this state, although the act of soliciting such orders may
14 itself be considered to constitute a service rendered to the
15 vendor.

16 Sec. 220.206. TRANSFERS OF COMMON INTERESTS IN PROPERTY.

17 If an interest in property is sold, under the terms of a good faith,
18 bona fide contractual relationship, to another person who either
19 before or after the sale owned or owns a joint or undivided interest
20 in the property with the seller, and if the taxes imposed by this
21 chapter have previously been paid on the property, the sale of such
22 interest in property is excluded from the taxes imposed by this
23 chapter.

24 Sec. 220.207. EXCLUSIONS REQUIRED BY PREVAILING LAW. Any

25 supply of service or property that this state is prohibited from
26 taxing by the law of the United States, the United States
27 Constitution, or the Constitution of Texas is excluded from the

1 taxes imposed by this chapter.

2 [Sections 220.208-220.250 reserved for expansion]

3 SUBCHAPTER F. INPUT TAX AND OUTPUT TAX

4 Sec. 220.251. "INPUT TAX". "Input tax" means, in relation
5 to a taxpayer, the aggregate value added tax accrued in respect of
6 the services and property supplied to such taxpayer during a given
7 calendar quarter, but only to the extent that such services and
8 property are used or held for use in the first instance by such
9 taxpayer in the ordinary course of its trade or business. The input
10 taxes attributable to any such service or property that is diverted
11 to personal use of an owner, director, officer or other principal of
12 the taxpayer shall be deducted from the input taxes calculated for
13 the calendar quarter during which such diversion took place.

14 Sec. 220.252. "OUTPUT TAX". "Output tax" means, in relation
15 to a taxpayer, the aggregate value added tax accrued in respect of
16 the services and property supplied by such taxpayer during a given
17 calendar quarter.

18 [Sections 220.253-220.300 reserved for expansion]

19 SUBCHAPTER G. REPORTS AND PAYMENTS

20 Sec. 220.301. REPORTS. (a) A person required to pay a tax
21 under this chapter shall report to the comptroller on the last day
22 of January, April, July, and October of each year.

23 (b) The comptroller may require a taxpayer to file a return
24 or pay the taxes imposed by this chapter for a period other than a
25 monthly period if necessary to ensure the payment or to facilitate
26 the collection of the taxes due.

27 (c) A requirement under subsection (b) of this section may

1 by rule be made generally applicable to suppliers providing
2 amusement services at locations other than the regular business
3 establishment of the supplier or to suppliers who provide amusement
4 services and who have no regular business establishment in this
5 state.

6 Sec. 220.302. CONTENTS AND FORM OF REPORT. (a) A tax
7 report required by this chapter must include a statement of:

8 (1) the taxpayer's aggregate taxable receipts;

9 (2) the aggregate value of all taxable supplies of
10 services and property made by the taxpayer to its customers,

11 (3) the aggregate value of taxable supplies of
12 services and property made to the taxpayer by its suppliers, and

13 (4) the aggregate output taxes and input taxes that
14 accrued during the preceding quarterly period;

15 together with any other information that the comptroller reasonably
16 determines to be necessary for the proper administration of this
17 chapter.

18 (b) A report must also itemize the individual taxable
19 transaction values and, by reference to the appropriate code(s)
20 assigned by the comptroller, the place of supply and local taxing
21 unit or units applicable to each of the transactions comprising the
22 input and output taxes being reported.

23 (c) A report must also reflect adjustments to previously
24 reported amounts made as a result of subsequent review or changes in
25 circumstance

26 (d) The comptroller by rule may determine the manner of
27 reporting taxable proceeds from rentals and leases of tangible

1 personal property.

2 (e) The report must be in the form as prescribed by the
3 comptroller.

4 (f) A tax report must be signed by the person required to
5 file it or by the person's authorized agent.

6 Sec. 220.303. ACCOUNTING BASIS FOR REPORTS. A taxpayer
7 whose regular books are kept on a cash basis, accrual basis, or some
8 other generally recognized accounting basis that accurately
9 reflects the operation of the business may file the tax reports
10 required by this chapter on the same basis that is used for the
11 taxpayer's regular books.

12 Sec. 220.304. REPORTS AND PAYMENTS: WHERE MADE. A tax
13 report or tax payment shall be delivered to the office of the
14 comptroller.

15 Sec. 220.305. METHOD OF REPORTING VALUE ADDED TAX: GENERAL
16 RULE. A taxpayer shall compute the value added tax imposed by this
17 chapter by multiplying the cumulative percentage value added tax
18 rates of all applicable taxing entities (i.e., the state and all
19 applicable local taxing units) with respect to each transaction
20 times the taxable receipts attributable to each such transaction.

21 Sec. 220.306. METHOD OF REPORTING: SUPPLIERS HAVING SALES
22 BELOW TAXABLE AMOUNT. (a) If not less than 50 percent of the total
23 receipts of a person from the supply of non-excluded services and
24 property comes from separate transactions in which the supply price
25 is an amount on which no tax is produced, the supplier may exclude
26 the receipts from those transactions when reporting and paying the
27 value added tax.

1 (b) A supplier may not exclude any receipts from supplies as
2 permitted under subsection (a) of this section unless the supplier
3 has received from the comptroller before the filing of the tax
4 report written approval allowing the exclusion, and all receipts
5 from otherwise taxable supplies of services and property are
6 subject to the tax until the approval is granted.

7 (c) The comptroller shall approve the reporting and
8 computation of the value added tax as permitted under Subsection
9 (a) of this section by a supplier if the supplier qualifies for the
10 exclusion and submits to the comptroller satisfactory evidence that
11 the supplier can and will maintain records adequate to substantiate
12 the authorized exclusion.

13 Sec. 220.307. DIRECT PAYMENT OF TAX BY CUSTOMER. (a) The
14 holder of a direct payment permit issued by the comptroller may give
15 a blanket exemption certificate to taxpayers who supply services or
16 property to the holder of the direct payment permit. The blanket
17 exemption certificate covers all future taxable supplies of
18 services or property to the permit holder and relieves the supplier
19 of the obligation of collecting the taxes imposed by this chapter
20 from the permit holder.

21 (b) A blanket exemption certificate given under this
22 section must contain the direct payment permit number and the
23 statement that the direct payment permit holder agrees to accrue
24 and pay to this state all taxes that are or may become due on the
25 taxable items sold under the exemption certificate to the permit
26 holder.

27 Sec. 220.308. ISSUANCE OF DIRECT PAYMENT PERMIT. (a) The

1 comptroller shall issue a direct payment permit to an applicant for
2 the permit who qualifies as provided by Section 220.309 of this
3 chapter.

4 (b) The comptroller is the sole judge of an applicant's
5 qualifications, and the comptroller's refusal to issue a permit to
6 an applicant is not appealable.

7 (c) An applicant for a direct payment permit who has been
8 denied the issuance of a permit may:

9 (1) request permission from the comptroller to submit
10 an amended application; or

11 (2) submit a new application for a direct payment
12 permit after a reasonable period after the denial of the original
13 application.

14 Sec. 220.309. APPLICATION FOR DIRECT PAYMENT PERMITS:
15 QUALIFICATIONS. (a) A person desiring a direct payment permit must
16 file with the comptroller a written application for the permit.

17 (b) The application must be accompanied with:

18 (1) an agreement that is signed by the applicant or a
19 responsible officer of an applicant corporation, that is in a form
20 prescribed by the comptroller, and that provides that the applicant
21 agrees to:

22 (A) accrue and pay all taxes imposed by this
23 chapter on the supply of services and property to the permit holder,
24 excluding those supplies that are are excluded from the taxes
25 imposed by this chapter;

26 (B) pay the imposed taxes monthly on or before
27 the 20th day of the month following the end of each calendar month;

1 and

2 (C) waive the discount permitted by Section
3 220.313 of this code on the payment of all taxes under the direct
4 payment permit only;

5 (2) a description, in the amount of detail that the
6 comptroller requires, of the accounting method by which the
7 applicant proposes to differentiate between taxable and excluded
8 transactions; and

9 (3) records establishing that the applicant is a
10 responsible person who annually acquires services and/or property
11 in taxable supply transactions aggregating \$1,800,000 or more.

12 Sec. 220.310. REVOCATION OF DIRECT PAYMENT PERMIT. (a) A
13 person to whom a direct payment permit has been issued holds the
14 permit as a matter of revocable privilege and not as a matter of
15 right. The comptroller on his own initiative may cancel a direct
16 payment permit, and the cancellation is not appealable.

17 (b) A person whose direct payment permit is canceled by the
18 comptroller is entitled to written notice of the cancellation,
19 which shall be sent by the comptroller by registered mail.

20 Sec. 220.311. VOLUNTARY RELINQUISHMENT OF DIRECT PAYMENT
21 PERMIT. (a) The holder of a direct payment permit may notify the
22 comptroller that the direct payment permit is to be voluntarily
23 relinquished.

24 (b) A direct payment permit and the direct payment agreement
25 remain valid and enforceable until the comptroller issues a
26 termination notice.

27 Sec. 220.312. CANCELLATION OR TERMINATION OF DIRECT PAYMENT

1 PERMIT: DUTY OF PERMIT HOLDER. (a) On the receipt of a notice
2 issued under Section 220.310 of this chapter canceling a direct
3 payment permit or of a notice issued under Section 220.311 of this
4 chapter terminating a direct payment permit, the person who held
5 the permit shall immediately notify each supplier to whom a blanket
6 exemption certificate has been given that the exemption certificate
7 is no longer valid.

8 (b) The failure of a person to notify a supplier as required
9 by subsection (a) of this section is a failure and refusal to pay
10 the taxes imposed by this chapter by the person required to make the
11 notification.

12 Sec. 220.313. REIMBURSEMENT TO TAXPAYER FOR TAX
13 COLLECTIONS. A taxpayer may deduct and withhold one-half of one
14 percent of the amount of taxes due from the taxpayer or direct
15 permit holder on a timely return as reimbursement for the cost of
16 collecting the taxes imposed by this chapter. The comptroller
17 shall provide a card with each form distributed for the collection
18 of taxes under this chapter. The card may be inserted by the
19 taxpayer with the tax payment to provide for contribution of all or
20 part of the reimbursement provided by this section for use as grants
21 under Subchapter M, Chapter 56, Education Code. If the taxpayer
22 chooses to contribute the reimbursement for the grants, the
23 taxpayer shall include the amount of the reimbursement contribution
24 with the tax payment. The comptroller shall transfer money
25 contributed under this section for grants under Subchapter M,
26 Chapter 56, Education Code, to the appropriate fund.

27 Sec. 220.314. DISCOUNT FOR PREPAYMENTS. (a) A taxpayer who

1 prepays the taxpayer's tax liability on the basis of a reasonable
2 estimate of the tax liability for a quarter in which a prepayment is
3 made or for a month in which a prepayment is made may deduct and
4 withhold 1.25 percent of the amount of the prepayment in addition to
5 the amount permitted to be deducted and withheld under Section
6 220.313 of this chapter. A reasonable estimate of the tax liability
7 must be at least 90 percent of the tax ultimately due or the amount
8 of tax paid in the same quarter, or month, if a monthly prepayer, in
9 the last preceding year. Failure to prepay a reasonable estimate of
10 the tax will result in the loss of the entire prepayment discount.

11 (b) In order to qualify for the deduction permitted by
12 subsection (a) of this section, the taxpayer must make the tax
13 prepayment:

14 (1) on or before the 15th day of the second month of
15 the calendar quarter for which the prepayment is made if the
16 taxpayer pays the tax quarterly; or

17 (2) on or before the 15th day of the month for which
18 the prepayment is made if the taxpayer pays the tax monthly.

19 (c) A taxpayer who prepays the tax liability as permitted by
20 this section must file a report when due as provided by this
21 chapter. The amount of a prepayment made by a taxpayer under this
22 section shall be credited against the amount of actual tax
23 liability of the taxpayer as shown on the tax report of the
24 taxpayer. If there is a tax liability owed by the taxpayer in
25 excess of the prepayment credit, the taxpayer shall send to the
26 comptroller the remaining tax liability at the time of filing the
27 quarterly or monthly report. The taxpayer is entitled to the

1 deduction permitted under Section 220.313 of this chapter on the
2 amount of the remaining tax liability.

3 (d) If the amount of a prepayment exceeds the actual tax
4 liability, the excess of the prepayment shall be credited against
5 future tax liability of the taxpayer or refunded to the taxpayer as
6 provided by Subchapter C of Chapter 111 of this code.

7 Sec. 220.315. FORFEITURE OF DISCOUNT OR REIMBURSEMENT. If
8 a taxpayer fails to file a report required by this chapter when due
9 or to pay the tax when due, the taxpayer forfeits any claim to a
10 deduction or discount allowed under Section 220.313 or Section
11 220.314 of this code.

12 Sec. 220.316. CREDITS AND REFUNDS FOR BAD DEBTS, RETURNED
13 MERCHANDISE, AND REPOSSESSIONS. (a) A taxpayer may withhold the
14 payment of the tax on a portion of the taxable receipts associated
15 with the taxpayer's of a service or property that remains unpaid by
16 the customer if:

17 (1) during the reporting period in which the supply
18 occurred the taxpayer determines that the unpaid portion will
19 remain unpaid;

20 (2) the taxpayer enters the unpaid portion of the
21 supply price in the taxpayer's books as a bad debt; and

22 (3) the bad debt is claimed as a deduction for federal
23 tax purposes during the same or a subsequent reporting period.

24 (b) If the portion of a debt determined to be bad under
25 subsection (a) of this section is paid, the taxpayer shall report
26 and pay the tax on the portion during the reporting period in which
27 the payment is made.

1 (c) Subject to subsection (e), a supplier or any person who
2 extends credit to a purchaser under a supplier's private label
3 credit agreement, or an assignee or affiliate of either, is
4 entitled to credit or reimbursement for taxes paid on the portion
5 of:

6 (1) an account determined to be worthless and actually
7 charged off for federal income tax purposes; or

8 (2) the remaining unpaid sales price of a taxable item
9 when the item is repossessed under a conditional sales contract.

10 (d) A supplier is entitled to credit for the amount of taxes
11 paid on the amount of a refund or credit made to a customer under a
12 bona fide agreement in which the price of a taxable supply
13 transaction is renegotiated. This credit applies to a refund or
14 credit made under an agreement in settlement of a claim for an
15 alleged breach of warranty on the taxable supply of tangible
16 personal property by the supplier to the person with whom the
17 agreement is made.

18 (e) A person is entitled to a credit or reimbursement
19 provided by subsection (c) only if:

20 (1) the supplier remits the tax for which the credit or
21 reimbursement is sought;

22 (2) all payments on an account are prorated between
23 taxable and nontaxable charges; and

24 (3) the supplier or person claiming the credit or
25 reimbursement provides detailed records outlining:

26 (A) the amount the customer contracted to pay;

27 (B) taxable and nontaxable charges;

1 (C) the tax collected and remitted;
2 (D) the unpaid portion of the supply price
3 assigned; and
4 (E) the taxpayer number of the supplier who
5 collected and remitted the tax.

6 (f) A person whose volume and character of uncollectible
7 accounts warrants an alternative method of substantiating the
8 reimbursement or credit may:

9 (1) maintain records other than the records specified
10 in subsection (e) if:

11 (A) the records fairly and equitably apportion
12 taxable and nontaxable elements of a bad debt and compute the amount
13 of sales tax imposed and remitted with respect to the taxable
14 charges remaining unpaid on the debt; and

15 (B) the comptroller approves the procedures
16 used; or

17 (2) implement a system to report its future tax
18 responsibilities based on a historical percentage calculated from a
19 sample of transactions if:

20 (A) the system utilizes records provided by the
21 person claiming the credit or reimbursement; and

22 (B) the comptroller approves the procedures
23 used.

24 (g) The comptroller may revoke the authorization to report
25 under subsection (f)(2) if the comptroller determines that the
26 percentage being used is no longer representative because of:

27 (1) a change in law, including a change in the

1 interpretation of an existing law or rule; or

2 (2) a change in the taxpayer's business operations.

3 (h) A person claiming a credit or reimbursement under this
4 section shall remit tax on any payments received on an account that
5 has been written off and claimed as a bad debt.

6 (i) For purposes of this section, "affiliate" means any
7 entity or entities that would be classified as a member of an
8 affiliated group under 26 U.S.C. Section 1504.

9 Sec. 220.316. CREDIT OR REIMBURSEMENT IN RETURN
10 TRANSACTIONS. A supplier is entitled to a credit or reimbursement
11 equal to the amount of sales tax refunded to a customer when the
12 customer receives a full or partial refund of the sales price of a
13 returned taxable item.

14 Sec. 220.317. DETERMINATION OF OVERPAID AMOUNTS. (a) This
15 section applies to the value added tax paid in error by a person
16 holding a permit under this chapter (1) on supplies of services or
17 property made to such person that are excluded from the value added
18 tax under the terms of this chapter, or (2) to a supplier exempt
19 from the value added tax under the provisions of this chapter.

20 (b) A person to whom this section applies may compute the
21 amount of overpayment by use of a projection based on a sampling of
22 transactions. The sampling method used must comply with generally
23 accepted sampling methods as approved by the comptroller.

24 (c) The person may obtain reimbursement for amounts
25 determined to have been overpaid by taking a credit on one or more
26 value added tax returns or by filing a claim for refund with the
27 comptroller within the limitation period specified by Subchapter D,

1 Chapter 111.

2 (d) The person must record the method by which the
3 projection and computation were performed and must make available
4 on request by the comptroller the records on which the projection
5 and computation were based.

6 (e) The comptroller may adopt rules specifying additional
7 procedures that must be followed in connection with claiming a
8 credit under this section.

9 Sec. 220.318. DETERMINATION OF TAX PAYABLE. (a) The amount
10 of value added tax imposed under this chapter and payable by a
11 taxpayer shall equal the excess, if any, of the aggregate state and
12 local output taxes reported by the taxpayer over the aggregate
13 state and local input taxes reported by the taxpayer.

14 Sec. 220.319. TAX PAYMENTS: DUE DATE. Except as provided in
15 Section 220.321 of this code, the taxes imposed by this chapter are
16 due and payable to the comptroller on the last day of January,
17 April, July, and October of each year, except that a tax due for a
18 business day that falls in two different calendar quarters is
19 allocated to the calendar quarter in which the business day begins.

20 Sec. 220.320. PAYMENT. The tax due for the preceding
21 calendar quarter shall accompany the return and is payable to the
22 state.

23 Sec. 220.321. PAYMENT OF TAX FOLLOWING BUSINESS
24 REORGANIZATION. (a) If a person that begins business on or after
25 the first day of the quarter is an incorporation, reincorporation,
26 or survivor of a merger of a person or persons that were previously
27 subject to a tax under this chapter, its report required under this

1 subchapter must show the combined taxable receipts, output tax and
2 input tax, respectively, during the preceding quarterly period of
3 the person or persons that were incorporated, reincorporated, or
4 merged to form the new entity. The value added tax provided for in
5 this chapter must be paid on the reported combined value added
6 required under this subsection.

7 Sec. 220.322. ADDITIONAL REPORTS. The comptroller may
8 require a person required to report under this chapter to supply
9 additional or supplemental reports containing information
10 necessary to compute the tax due.

11 Sec. 220.323. DETERMINATION AFTER THE FILING OF A REPORT.
12 If a person has filed a tax report, the comptroller may issue a
13 deficiency determination under Section 111.008 of this code.

14 Sec. 220.324. DETERMINATION IF NO REPORT FILED. (a) If a
15 person fails to file a report, the comptroller shall estimate the
16 amounts that would have been required to be included in a report
17 filed under this chapter for each period or the total period for
18 which the person failed to report as required by this chapter.

19 (b) The estimate required by subsection (a) of this section
20 may be made on any information available to the comptroller.

21 (c) On the basis of the estimate, the comptroller shall
22 compute and determine the amount required to be paid to the state
23 for each period.

24 (d) The comptroller shall add to the determination an amount
25 equal to 10 percent of the amount computed under subsection (c) of
26 this section as a penalty.

27 (e) A determination under this section may be issued for one

1 or more periods, and more than one determination may be issued for a
2 single period.

3 Sec. 220.325. DETERMINATION WHEN A BUSINESS IS
4 DISCONTINUED. If a business is discontinued, the comptroller may
5 make a determination of tax liability under this chapter before the
6 date a report or tax payment is due with respect to the discontinued
7 business.

8 Sec. 220.326. WHEN DETERMINATION BECOMES FINAL. A
9 determination made under Section 220.324 or Section 220.325 of this
10 chapter becomes final on the expiration of 30 days after the day on
11 which the determination was served by personal service or by mail,
12 unless a petition for a redetermination is filed before the
13 determination becomes final.

14 Sec. 220.327. LIMITATIONS ON DETERMINATION. (a) A notice
15 of a deficiency determination must be personally served or mailed
16 within the period provided by Subchapter D, Chapter 111 of this code
17 after the last day of the calendar month following the close of the
18 regular reporting period of the taxpayer for which the amount is
19 proposed to be determined or within the period provided by
20 Subchapter D, Chapter 111 of this code after the report is filed,
21 whichever period expires the later.

22 (b) The limitations provided by subsection (a) of this
23 section do not apply to a determination proposed to be made for the
24 collection of an amount of value added tax on the taxable supply of
25 services or property if a deficiency notice has been given or is
26 given for the collection of the use tax on the same taxable supply.

27 Sec. 220.328. OFFSETS. In making a determination, the

1 comptroller may offset an overpayment for one or more periods
2 against an underpayment, penalty, and interest accrued on the
3 underpayment for the same period or one or more other periods. Any
4 interest accrued on the overpayment shall be included in the
5 offset.

6 Sec. 220.329. PETITION FOR REDETERMINATION. A person
7 petitioning for a redetermination of a determination made under
8 Section 111.022 must file, before the determination becomes final,
9 security as the comptroller requires to ensure compliance with this
10 chapter. The security may be sold by the comptroller in the manner
11 provided by Subchapter A, Chapter 111.

12 Sec. 220.330. HEARING ON REDETERMINATION. (a) If a
13 petition for a redetermination is filed before the determination
14 becomes final, the petitioner is entitled on a request stated in the
15 petition to an oral hearing on the redetermination and to at least
16 20 days' notice of the time and place of the hearing.

17 (b) The comptroller may continue the hearing from time to
18 time as is necessary.

19 Sec. 220.331. REDETERMINATION. (a) The comptroller may
20 decrease the amount of a determination at any time before the
21 determination becomes final.

22 (b) The comptroller may increase the amount of a
23 determination that is not final if the additional claim is asserted
24 by the comptroller at or before a hearing on a redetermination.

25 (c) If an additional claim is asserted, the petitioner is
26 entitled to a 30-day continuance of the hearing to permit the
27 petitioner to obtain and present evidence applicable to the items

1 on which the additional claim is based.

2 Sec. 220.332. INTEREST. Unpaid taxes imposed by this
3 chapter draw interest beginning 60 days after the date on which the
4 tax or the amount of the tax required to be collected became due and
5 payable to the state.

6 Sec. 220.333. NOTICES. The comptroller shall give notice
7 of a determination made under this subchapter promptly as provided
8 by Sections 111.008(b) and (c) of this code. Any other notice
9 required by this subchapter shall be given in the same manner.
10 Notices under this subchapter are effective as provided by Section
11 111.008(c) of this code.

12 [Sections 220.334-220.350 reserved for expansion]

13 SUBCHAPTER H. REFUNDS AND RELIEF

14 Sec. 220.351. REFUNDS TO EXEMPT ORGANIZATIONS. Any person
15 meeting the criteria of an organization exempt under subchapter D
16 from the tax imposed under this chapter during any calendar quarter
17 shall be entitled to claim a refund from the comptroller of input
18 taxes accrued by that organization with respect to the calendar
19 quarter in question in accordance with the provisions of this
20 subchapter and regulations issued by the comptroller for this
21 purpose.

22 Sec. 220.352. FILING OF CLAIMS. (a) The person seeking to
23 claim a refund shall file a report with the comptroller on the last
24 day of the month following the end of the calendar quarter with
25 respect to which such claim relates.

26 (b) The report must include a statement of the person's
27 aggregate input taxes accrued during such calendar quarter, and a

1 certification to the effect that (i) the services and property on
2 the supply of which such input taxes accrued relate to the exempt
3 purpose of the person and (ii) such services and/or property has not
4 been, is not being and will not be used for the personal benefit of a
5 private individual except as part of the services of a purely public
6 charity.

7 (c) The report must also include an itemized apportionment
8 of the input taxes reported among the various counties,
9 municipalities, school districts, special districts and other
10 political subdivisions of this state to which such taxes are
11 allocable under the provisions of this chapter and regulations
12 issued by the comptroller for this purpose. The person filing the
13 report shall have discharged its responsibility in this respect if
14 it accurately reports the local taxing unit code assigned to such
15 supply transactions by the supplier(s) in question and reflected on
16 the receipt issued as required by this chapter.

17 (d) A report shall also reflect adjustments to previously
18 reported amounts made as a result of subsequent review or changes in
19 circumstance, and any credits or deductions resulting from such
20 adjustments shall be included in the determinations made under this
21 subchapter, but separately identified as such.

22 Sec. 220.353. DETERMINATION AND PAYMENT OF REFUND. The
23 comptroller shall determine the extent to which the person filing
24 the report is entitled to the refund claim and shall issue payment
25 in the amount so determined to the person as soon as practicable
26 following such determination.

27 [Sections 220.354-220.400 reserved for expansion]

1 SUBCHAPTER I. APPORTIONMENT AND ALLOCATION OF VALUE ADDED TAX

2 REVENUES

3 Sec. 220.401. ANALYSIS AND COMPILATIONS. (a) The
4 comptroller shall conduct such analyses and compilations of reports
5 received under this chapter as shall be necessary to properly
6 apportion among all of the local taxing units the value added taxes
7 collected hereunder on the basis of the place at which the supply of
8 the service or property in question is deemed under this chapter to
9 have taken place.

10 (b) In performing these calculations, the comptroller shall
11 compute:

12 (1) the aggregate value added taxes for each local
13 taxing unit that were included in reports of output taxes;

14 (2) the aggregate input taxes reported by each such
15 taxpayer as having their place of supply in each local taxing unit;

16 (3) the proportionate attribution to various local
17 taxing entities of each such taxpayer's reported aggregate input
18 taxes, with such attribution being determined for each such
19 taxpayer in proportion to the ratio that the amount determined
20 under subdivision (3) for each local taxing unit bears to the amount
21 determined under subdivision (2);

22 (4) the aggregate reported input taxes attributed to
23 each local taxing unit for all taxpayers under subdivision (3); and

24 (5) the extent to which the amount determined under
25 subdivision (1) for each local taxing unit exceeds or falls short of
26 the amount determined under subdivision (5) for each same local
27 taxing unit.

1 The amount so determined under subdivision (5), if an excess, shall
2 be credited as an apportionment to the local taxing unit for the
3 period in question and, if a shortfall, shall be debited against
4 apportionments to the local taxing unit for the period in question.

5 Sec. 220.402. LOCAL TAXING UNIT CODES. For this purpose,
6 the comptroller shall establish and maintain a system whereby each
7 local taxing unit is assigned a unique alphanumeric code to be
8 utilized by all persons filing reports under this chapter in
9 reporting the place of supply for all taxable receipts. The
10 comptroller shall utilize this coding system in the preparation and
11 distribution of reports concerning apportionment among taxing
12 entities.

13 Sec. 220.403. AGGREGATION OF TAXES AND REFUNDS. In
14 determining the apportionments appropriate for any given calendar
15 period, the comptroller shall reduce the reported output taxes
16 attributable to each local taxing unit by the amount of refunds,
17 credits, deductions or offsets determined to be issuable to
18 taxpayers or exempted persons with respect to those reported output
19 taxes during that same calendar period on account of exemptions or
20 exclusions provided under this chapter.

21 Sec. 220.404. COMPTROLLER TO COLLECT AND ADMINISTER LOCAL
22 TAXING UNIT VALUE ADDED TAXES. The comptroller shall administer,
23 collect, and enforce any value added tax imposed by a local taxing
24 unit under Title 3, Local Taxes. The taxes imposed under this
25 chapter and the taxes imposed under Title 3 shall be collected
26 together, if both taxes are imposed.

27 Sec. 220.405. COMPTROLLER'S REPORTING DUTIES. (a) The

1 comptroller shall make quarterly reports to a local taxing unit
2 that has adopted the value added taxes authorized by Title 3, Local
3 Taxes, if the local taxing unit requests the reports. A report must
4 include the name, address, and account number of each person that
5 has remitted to the comptroller a tax payment or claimed a refund
6 that has been apportioned to the local taxing unit during the
7 quarter covered by the report. The report must also show the results
8 of the comptrollers determinations under Section 220.401 with
9 respect to such local taxing unit.

10 Sec. 220.406. ALLOCATION OF LOCAL VALUE ADDED TAXES. The
11 comptroller shall remit to each local taxing unit the net value
12 added taxes apportioned to it under this chapter using such
13 procedures and with such frequency as shall be established under
14 applicable rules issued by the comptroller. To the extent that any
15 local taxing unit's apportionment account shows a deficit for a
16 given quarter, the comptroller shall make a reasonable estimate of
17 the likelihood of recovery in future periods and, to the extent that
18 a continuing deficit is projected for the third calendar quarter
19 following the one in question, the local taxing unit shall be
20 obligated to remit to the comptroller an amount equal to such
21 projected continuing deficit within thirty (30) days following
22 notice from the comptroller of such determination.

23 [Sections 220.407-220.450 reserved for expansion]

24 SUBCHAPTER J. ENFORCEMENT

25 Sec. 220.451. VENUE OF SUIT TO ENFORCE CHAPTER. Venue of a
26 civil suit against a person to enforce this chapter is either in a
27 county where the person's principal office is located according to

1 its charter or certificate of authority or in Travis County.

2 Sec. 220.452. AUTHORITY TO RESTRAIN OR ENJOIN. To enforce
3 this chapter, a court may restrain or enjoin a violation of this
4 chapter.

5 Sec. 220.453. APPOINTMENT OF RECEIVER. If a court forfeits
6 a person's charter or certificate of authority, the court may
7 appoint a receiver for the person and may administer the
8 receivership under the laws relating to receiverships.

9 Sec. 220.454. AGENT FOR SERVICE OF PROCESS. Each person on
10 which a tax is imposed by this chapter shall designate a resident of
11 this state as the person's agent for the service of process.

12 Sec. 220.455. SERVICE OF PROCESS ON SECRETARY OF STATE. (a)
13 Legal process may be served on a domestic corporation by serving it
14 on the secretary of state if the process relates to the forfeiture
15 of the corporation 's charter or to the collection of a tax or
16 penalty imposed by this chapter and:

17 (1) if the local agent of the corporation or if the
18 officers named in the corporation 's charter or annual report on
19 file with the secretary of state do not reside or cannot be located
20 in the county in which the corporation 's principal office, as
21 stated in the charter, is located; or

22 (2) if the principal office of the corporation is not
23 maintained or cannot be located in the county in which the charter
24 states that the office is located.

25 (b) Complete and valid service of process is made on a
26 corporation through the secretary of state by delivering duplicate
27 copies of the process to the secretary of state or the deputy

1 secretary of state.

2 (c) On receipt of legal process under this section, the
3 secretary of state promptly shall forward to the corporation by
4 registered mail a copy of the process. The copy must be mailed to
5 the address named in the corporation 's charter as its principal
6 place of business or to another place of business of the corporation
7 as shown by the records in the secretary of state 's office.

8 (d) The failure of the secretary of state to mail a copy of
9 legal process to a corporation does not affect the validity of the
10 service of process. It is competent and sufficient proof of the
11 service of process that the secretary of state certifies under the
12 state seal the receipt of the process.

13 (e) The secretary of state shall keep a record of each legal
14 process served on the secretary under this section showing the date
15 and time of the receipt of the process and the secretary 's action
16 on the process.

17 (f) This section is cumulative of other laws relating to
18 service of process.

19 Sec. 220.456. PENALTY FOR FAILURE TO PAY TAX OR FILE REPORT.

20 (a) If a person on which a tax is imposed by this chapter
21 fails to pay the tax when it is due and payable or fails to file a
22 report required by this chapter when it is due, the person is liable
23 for a penalty of five percent of the amount of the tax due.

24 (b) If the tax is not paid or the report is not filed not
25 later than the 30th day after the due date, a penalty of an
26 additional five percent of the tax due is imposed.

27 (c) The minimum penalty under this section is \$1.

1 Sec. 220.457. WILLFUL AND FRAUDULENT ACTS. (a) A person
2 commits an offense if the person is subject to this chapter and the
3 person willfully:

4 (1) fails to file a report;

5 (2) fails to keep books and records as required by this
6 chapter;

7 (3) files a fraudulent report;

8 (4) violates any rule of the comptroller for the
9 administration and enforcement of the provisions of this chapter;

10 or

11 (5) attempts in any other manner to evade or defeat any
12 tax imposed by this chapter or the payment of the tax.

13 (d) A person commits an offense if the person is an
14 accountant or an agent for or an officer or employee of a person and
15 the person knowingly enters or provides false information on any
16 report, return, or other document filed by the person under this
17 chapter.

18 (e) A person who commits an offense under this section may
19 also, in addition to the punishment provided by this section, be
20 liable for a penalty under this chapter.

21 (f) An offense under this section is:

22 (1) a Class C misdemeanor if the amount of the tax
23 collected and not paid is less than \$50;

24 (2) a Class B misdemeanor if the amount of the tax
25 collected and not paid is \$50 or more but less than \$500;

26 (3) a Class A misdemeanor if the amount of the tax
27 collected and not paid is \$500 or more but less than \$1,500;

1 (4) a state jail felony if the amount of the tax
2 collected and not paid is \$1,500 or more but less than \$20,000;

3 (5) a felony of the third degree if the amount of the
4 tax collected and not paid is \$20,000 or more but less than
5 \$100,000;

6 (6) a felony of the second degree if the amount of the
7 tax collected and not paid is \$100,000 or more but less than
8 \$200,000; and

9 (7) a felony of the first degree if the amount of the
10 tax collected and not paid is \$200,000 or more.

11 (g) When tax is collected and not paid in violation of
12 Subsection (a) pursuant to one scheme or continuous course of
13 conduct, the conduct may be considered as one offense and the
14 amounts aggregated in determining the grade of the offense.

15 (e) A person whose commercial domicile or whose residence is
16 in this state may be prosecuted under this section only in the
17 county in which the person's commercial domicile or residence is
18 located unless the person asserts a right to be prosecuted in
19 another county.

20 (f) A prosecution for a violation of this section must be
21 commenced before the fifth anniversary of the date of the
22 violation.

23 Sec. 220.458. VENUE FOR CRIMINAL PROSECUTION. Venue for
24 prosecution for an offense under this chapter is in:

25 (1) the county in which any element of the offense
26 occurs; or

27 (2) Travis County.

1 [Sections 220.458-220.500 reserved for expansion]

2 SUBCHAPTER K. DISPOSITION OF REVENUE

3 Sec. 220.501. GENERAL REVENUE FUND. Except as and to the
4 extent otherwise expressly provided by the laws of this state, the
5 revenue from a tax, interest, or penalty imposed by this chapter
6 shall be deposited in the state treasury to the credit of the
7 general revenue fund.

8 [END OF SECTION 2.01]

9 SECTION 2.02.

10 (A) Subject to the provisions of Section 2.02(B) of this
11 Article, the amendments effected by this Article shall be
12 prospective in application only and without prejudice to any rights
13 and obligations of taxpayers, or the amounts owed to and the
14 authorities of the comptroller or of this state, accruing or
15 arising with respect to periods prior to the Effective Date,
16 including but not limited to refunds, adjustments and similar items
17 that would otherwise have been payable by or on behalf of the
18 comptroller on or after the Effective Date.

19 (B) Notwithstanding the foregoing, but without prejudice to
20 any other applicable limitation of actions, expiration or "sunset"
21 provision, no judicial or administrative enforcement action shall
22 be commenced by any authority of this state or any of its political
23 subdivisions under the provisions so repealed on or after the fifth
24 anniversary of the Effective Date.

25 ARTICLE 3.

26 CERTAIN CONFORMING REVISIONS

27 SECTION 3.01. TAX CODE, TITLE 2, STATE TAXATION, is amended

1 by revising SUBTITLE A, GENERAL PROVISIONS, CHAPTER 101, GENERAL
2 PROVISIONS, Sec. 101.009, ALLOCATION AND TRANSFER OF NET REVENUES,
3 to delete subparagraph (b) thereof.

4 SECTION 3.02. TAX CODE, TITLE 2, STATE TAXATION, SUBTITLE
5 D, COMPACTS AND UNIFORM LAWS, Chapter 142, SIMPLIFIED SALES AND USE
6 ADMINISTRATION ACT, is repealed in its entirety.

7 ARTICLE 4. REVISIONS TO CERTAIN LOCAL TAXES

8 SECTION 4.01. Subject to Section 4.03 of this Article 4, and
9 effective on and after September 1, 2013 (as used in this Article,
10 the "Effective Date"), TAX CODE, TITLE 3. LOCAL TAXATION, SUBTITLE
11 C, LOCAL SALES AND USE TAXES, CHAPTERS 321, 322, 323, 324, 325 and
12 327 are revised to read as follows, and new CHAPTER 328, SCHOOL
13 DISTRICT ENRICHMENT VALUE ADDED TAX is added as set forth below:

14 SUBCHAPTER A. GENERAL PROVISIONS

15 Sec. 321.001. SHORT TITLE. This chapter may be cited as the
16 Texas Municipal Sales and Use Value Added Tax Act.

17 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

18 ~~Sec. 321.002. 321.002. DEFINITIONS. (a) In this chapter:~~

19 ~~(1) "Additional municipal sales and use tax" means~~
20 ~~only the additional tax authorized by Section 321.101(b).~~

21 ~~(2) "Municipality" includes any incorporated city,~~
22 ~~town, or village.~~

23 ~~(3) "Place of business of the retailer" means an~~
24 ~~established outlet, office, or location operated by the retailer or~~
25 ~~the retailer's agent or employee for the purpose of receiving~~
26 ~~orders for taxable items and includes any location at which three or~~
27 ~~more orders are received by the retailer during a calendar year. A~~

1 ~~warehouse, storage yard, or manufacturing plant is not a "place of~~
2 ~~business of the retailer" unless at last three orders are received~~
3 ~~by the retailer during the calendar year at the warehouse, storage~~
4 ~~yard, or manufacturing plant. An outlet, office, facility, or any~~
5 ~~location that contracts with a retail or commercial business to~~
6 ~~process for that business invoices, purchase orders, bills of~~
7 ~~lading, or other equivalent records onto which sales tax is added,~~
8 ~~including an office operated for the purpose of buying and selling~~
9 ~~taxable goods to be used or consumed by the retail or commercial~~
10 ~~business, is not a "place of business of the retailer" if the~~
11 ~~comptroller determines that the outlet, office, facility, or~~
12 ~~location functions or exists to avoid the tax imposed by this~~
13 ~~chapter or to rebate a portion of the tax imposed by this chapter to~~
14 ~~the contracting business. Notwithstanding any other provision of~~
15 ~~this subdivision, a kiosk is not a "place of business of the~~
16 ~~retailer." In this subdivision, "kiosk" means a small stand-alone~~
17 ~~area or structure that:~~

18 ~~(A) is used solely to display merchandise or to~~
19 ~~submit orders for taxable items from a data entry device, or both;~~

20 ~~(B) is located entirely within a location that is~~
21 ~~a place of business of another retailer, such as a department store~~
22 ~~or shopping mall; and~~

23 ~~(C) at which taxable items are not available for~~
24 ~~immediate delivery to a customer.~~

25 ~~(b) Words words used in this chapter and defined by Chapter~~
26 ~~151 220 have the meanings assigned by Chapter 151 220.~~

27 ~~Sec. 321.003.~~

1 Sec. 321.003. OTHER PORTIONS OF TAX APPLICABLE. Subtitles
2 A and B, Title 2, and ~~Chapters 142 and 151~~ Chapter 220 apply to the
3 taxes and to the administration and enforcement of the taxes
4 imposed by this chapter in the same manner that those laws apply to
5 state taxes, unless modified by this chapter.

6 ~~Sec. 321.004. REFERENCES TO SALES OR USE TAX. A reference~~
7 ~~to a sales tax or a use tax imposed or authorized by this chapter is~~
8 ~~a reference to both the taxes imposed under Sections 321.101(a) and~~
9 ~~(b) unless otherwise provided.~~

10 SUBCHAPTER B. IMPOSITION OF ~~SALES AND USE~~ VALUE ADDED TAXES BY
11 MUNICIPALITIES

12 Sec. 321.101. TAX AUTHORIZED. (a) A municipality may adopt
13 or repeal a ~~sales and use~~ value added tax authorized by this
14 chapter, other than the additional municipal ~~sales and use~~ value
15 added tax, at an election in which a majority of the qualified
16 voters of the municipality approve the adoption or repeal of the
17 tax.

18 ~~(b) A municipality that is not disqualified may, by a~~
19 ~~majority vote of the qualified voters of the municipality voting at~~
20 ~~an election held for that purpose, adopt an additional sales and use~~
21 ~~tax for the benefit of the municipality in accordance with this~~
22 ~~chapter. A municipality is disqualified from adopting the~~
23 ~~additional sales and use tax if the municipality:~~

24 ~~(1) is included within the boundaries of a rapid~~
25 ~~transit authority created under Chapter 451, Transportation Code,~~

26 ~~(2) is included within the boundaries of a regional~~
27 ~~transportation authority created under Chapter 452, Transportation~~

1 ~~Code, by a principal municipality having a population of less than~~
2 ~~800,000, unless the municipality has a population of 400,000 or~~
3 ~~more and is located in more than one county;~~

4 ~~(3) is wholly or partly located in a county that~~
5 ~~contains territory within the boundaries of a regional~~
6 ~~transportation authority created under Chapter 452, Transportation~~
7 ~~Code, by a principal municipality having a population in excess of~~
8 ~~800,000, unless:~~

9 ~~(A) the municipality is a contiguous~~
10 ~~municipality; or~~

11 ~~(B) the municipality is not included within the~~
12 ~~boundaries of the authority and is located wholly or partly in a~~
13 ~~county in which fewer than 250 persons are residents of both the~~
14 ~~county and the authority according to the most recent federal~~
15 ~~census; or~~

16 ~~(C) the municipality is not and on January 1,~~
17 ~~1993, was not included within the boundaries of the authority; or~~

18 ~~(4) imposes a tax authorized by Chapter 453,~~
19 ~~Transportation Code.~~

20 ~~(c) For the purposes of Subsection (b), "principal~~
21 ~~municipality " and "contiguous municipality " have the meanings~~
22 ~~assigned by Section 452.001, Transportation Code.~~

23 ~~(d) In any municipality in which an additional sales and use~~
24 ~~tax has been imposed, in the same manner and by the same procedure~~
25 ~~the municipality by majority vote of the qualified voters of the~~
26 ~~municipality voting at an election held for that purpose may~~
27 ~~reduce, increase, or abolish the additional sales and use tax.~~

1 ~~(e) An authority created under Chapter 451 or 452,~~
2 ~~Transportation Code, is prohibited from imposing the tax provided~~
3 ~~for by those chapters if within the boundaries of the authority~~
4 ~~there is a municipality that has adopted the additional sales and~~
5 ~~use tax provided for by this section.~~

6 ~~(f) A municipality may not adopt or increase a sales and use~~
7 ~~tax or an additional sales and use (b) - (e) RESERVED~~

8 (f) A municipality may not adopt or increase a value added
9 tax under this section if as a result of the adoption or increase of
10 the tax the combined rate of all ~~sales and use~~ value added taxes
11 imposed by the municipality and other political subdivisions of
12 this state having territory in the municipality would exceed ~~two~~
13 three percent at any location in the municipality.

14 (g) For the purposes of Subsection (f), "territory" in a
15 municipality having a population of 5,000 or less and bordering on
16 the Gulf of Mexico does not include any area covered by water and in
17 which no person has a place of business ~~to which a sales tax permit~~
18 ~~issued under Subchapter F of Chapter 151 applies~~ that serves as a
19 place of supply of services or property that otherwise would be
20 taxable under this chapter.

21 ~~(h) Expired.~~

22 ~~(i) A municipality for which the adoption or increase of a~~
23 ~~sales and use tax approved by the voters in an election held after~~
24 ~~May 1, 1995, and before December 31, 1995, is invalid because the~~
25 ~~election combined into a single proposition proposal for adopting~~
26 ~~an economic development sales and use tax under Chapter 505, Local~~
27 ~~Government Code, and an additional sales and use tax under~~

1 ~~Subsection (b) may adopt or increase the sales and use tax~~
2 ~~previously approved by the voters by ordinance or resolution of the~~
3 ~~governing body of the municipality. If the governing body of the~~
4 ~~municipality adopts or increases the sales and use tax under this~~
5 ~~subsection, the municipal secretary shall send to the comptroller~~
6 ~~by certified or registered mail a certified copy of the ordinance or~~
7 ~~resolution. The tax takes effect on the first day of the month~~
8 ~~following the expiration of the calendar quarter occurring after~~
9 ~~the date on which the comptroller receives the ordinance or~~
10 ~~resolution.~~

11 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~
12 ~~Amended by Acts 1987, 70th Leg., 2nd C.S., ch. 54, Sec. 1, eff. Oct.~~
13 ~~20, 1987; Acts 1989, 71st Leg., ch. 2, Sec. 14.14(a), eff. Aug. 28,~~
14 ~~1989; Acts 1989, 71st Leg., ch. 489, Sec. 1, eff. Aug. 28, 1989;~~
15 ~~Acts 1991, 72nd Leg., ch. 184, Sec. 2, eff. May 24, 1991; Acts 1991,~~
16 ~~72nd Leg., ch. 223, Sec. 1, eff. May 29, 1991; Acts 1993, 73rd Leg.,~~
17 ~~ch. 320, Sec. 1, eff. May 28, 1993; Acts 1993, 73rd Leg., ch. 1031,~~
18 ~~Sec. 25, eff. Sept. 1, 1993; Acts 1997, 75th Leg., ch. 65, Sec. 1,~~
19 ~~eff. May 9, 1997; Acts 1997, 75th Leg., ch. 165, Sec. 30.264, eff.~~
20 ~~Sept. 1, 1997; Acts 1997, 75th Leg., ch. 705, Sec. 1, eff. Sept. 1,~~
21 ~~1997.~~

22 ~~Amended by:~~

23 ~~Acts 2007, 80th Leg., R.S., Ch. , Sec. 3.73, eff. April 1,~~
24 ~~2009.~~

25 ~~Sec. 321.102.~~

26 Sec. 321.102. EFFECTIVE DATES: NEW TAX, TAX REPEAL,
27 BOUNDARY CHANGE. (a) A tax imposed under this chapter or the

1 repeal of a tax abolished under this chapter takes effect on the
2 first day of the first calendar quarter occurring after the
3 expiration of the first complete calendar quarter occurring after
4 the date on which the comptroller receives a notice of the action as
5 required by Section 321.405(b). This subsection does not apply to
6 the additional municipal ~~sales and use~~ value added tax.

7 (b) The additional municipal ~~sales and use~~ value added tax
8 takes effect or is increased, reduced, or repealed in the
9 municipality on the October 1st after the expiration of the first
10 complete calendar quarter after the date on which the comptroller
11 receives notice from the municipality of the adoption, increase,
12 reduction, or repeal of the additional municipal ~~sales and use~~
13 value added tax.

14 (c) If a municipality in which the tax imposed under this
15 chapter is in effect changes its boundaries, the municipal
16 secretary shall send by United States registered or certified mail
17 to the comptroller a certified copy of the ordinance that adds or
18 detaches municipal territory and that shows the effective date of
19 the boundary change. The ordinance must be accompanied by a map
20 clearly showing the added or detached territory. Except as
21 provided by Subsection (d), the tax takes effect in the added
22 territory or is inapplicable to the detached territory on the first
23 day of the first calendar quarter after the comptroller receives
24 the ordinance and map.

25 (d) If, within 10 days after the receipt of an ordinance and
26 map sent under Subsection (c), the comptroller notifies the
27 secretary of the municipality that more time is required, the

1 effective date of the application of the tax in the added or
2 detached area is the first day of the first calendar quarter after
3 the expiration of the first complete calendar quarter occurring
4 after the date on which the comptroller receives the ordinance and
5 map.

6 (e) If as a result of the imposition or increase in a ~~sales~~
7 ~~and use~~ value added tax by a municipality in which there is located
8 all or part of a local governmental entity (other than a county or
9 school district) that has adopted a ~~sales and use~~ value added tax or
10 as a result of the annexation by a municipality of all or part of the
11 territory in a local governmental entity (other than a county or
12 school district) that has adopted a ~~sales and use~~ value added tax
13 the overlapping local ~~sales and use~~ value added taxes in the area
14 will exceed ~~two~~ three percent, the entity's ~~sales and use~~ value
15 added tax is automatically reduced in that area to a rate that when
16 added to the combined rate of local ~~sales and use~~ value added taxes
17 will equal ~~two~~ three percent.

18 (f) If an entity's rate is reduced in accordance with
19 Subsection (e), the comptroller shall withhold from the
20 municipality's ~~monthly sales and use~~ quarterly value added tax
21 allocation an amount equal to the amount that would have been
22 collected by the entity had the municipality not imposed or
23 increased its ~~sales and use~~ value added tax or annexed the area in
24 the entity less amounts that the entity collects following the
25 municipality's levy of or increase in its ~~sales and use~~ value added
26 tax or annexation of the area in the entity. The comptroller shall
27 withhold and pay the amount withheld to the entity under policies or

1 procedures that the comptroller considers reasonable.

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

14 (h) A transit authority is not a local governmental entity
15 for the purposes of Subsections (e) and (f).

16 ~~(i) Subsection (g) does not apply to a local governmental~~
17 ~~entity or political subdivision created under Chapter 326, Local~~
18 ~~Government Code.~~

19 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

20 ~~Amended by Acts 1989, 71st Leg., ch. 256, Sec. 1, eff. Sept. 1,~~

21 ~~1989, Acts 1991, 72nd Leg., ch. 184, Sec. 3, eff. May 24, 1991,~~

22 ~~Acts 1999, 76th Leg., ch. 1467, Sec. 2.67, eff. June 19, 1999, Acts~~

23 ~~2001, 77th Leg., ch. 1263, Sec. 74, eff. Sept. 1, 2001.~~

24 ~~Sec. 321.1025.~~

25 Sec. 321.1025. ANNEXATION TO CERTAIN REGIONAL

26 TRANSPORTATION AUTHORITIES. (a) A municipality that is wholly or

27 partly located in a county that contains territory within the

1 boundaries of a regional transportation authority created under
2 Chapter 452, Transportation Code, by a principal municipality
3 having a population of more than 800,000 and that has adopted an
4 additional ~~sales and use~~ municipal value added tax for the benefit
5 of the municipality may hold an election on the question of whether
6 the municipality shall be annexed to the authority.

7 (b) The election must be held in the manner required by
8 Chapter 452, Transportation Code.

9 (c) If the annexation is approved by the voters, the
10 election is to be treated for all purposes as an election to abolish
11 the additional ~~sales and use~~ municipal value added tax in the
12 municipality and the tax is repealed in the manner provided by this
13 chapter.

14 ~~Added by Acts 1991, 72nd Leg., ch. 223, Sec. 2, eff. May 29, 1991.~~
15 ~~Amended by Acts 1997, 75th Leg., ch. 165, Sec. 30.265, eff. Sept. 1,~~
16 ~~1997.~~

17 ~~Sec. 321.103. SALES~~ 321.103. VALUE ADDED TAX. (a) In a
18 municipality that has adopted the tax authorized by Section
19 321.101(a), there is imposed a value added tax on the ~~receipts from~~
20 ~~the sale at retail of taxable items within the~~ supply in that
21 municipality at the rate of any service or property by any person in
22 the ordinary course of one percent and at the same rate on the
23 ~~receipts from the sale at retail within the municipality of gas and~~
24 ~~electricity~~ a trade or business in which the person engages for
25 ~~residential use.~~ the purpose of profit.

26 (b) In a municipality that has adopted the additional
27 municipal ~~sales and use~~ value added tax, the tax is imposed at the

1 rate approved by the voters. The rate, when the tax is adopted,
2 must be equal to ~~either~~ any increment of one-eighth, one-fourth,
3 ~~three-eighths, or one-half of one~~ percentage point from zero to one
4 percent. The rate may be reduced in one or more increments of
5 one-eighth of one percent to a minimum of one-eighth of one percent
6 or increased in one or more increments of one-eighth of one percent
7 to a maximum of ~~one-half of one percent, or the tax may be~~
8 ~~abolished. The rate that the municipality adopts is on the receipts~~
9 ~~from the sale at retail of all taxable items within the municipality~~
10 ~~and at the same rate on the receipts from the sale at retail within~~
11 ~~the municipality of gas and electricity for residential use unless~~
12 ~~the residential use of gas and electricity is exempted from the tax~~
13 ~~imposed under Section 321.101(a), in which case the residential use~~
14 ~~of gas and electricity is exempted under this subsection also~~
15 percent, or the tax may be abolished. This rate is then applied to
16 the taxpayer's taxable receipts attributable to any applicable tax
17 period to determine the applicable municipal value added tax.

18 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

19 ~~Amended by Acts 1991, 72nd Leg., ch. 184, Sec. 4, eff. May 24, 1991.~~

20 ~~Sec. 321.104. USE TAX. (a) In a municipality that has~~
21 ~~adopted the tax authorized by this chapter, there is imposed an~~
22 ~~excise tax on the use, storage, or other consumption within the~~
23 ~~municipality of taxable items purchased, leased, or rented from a~~
24 ~~retailer during the period that the tax is effective within the~~
25 ~~municipality. The rate of the excise tax is the same as the rate of~~
26 ~~the sales tax portion of the tax and is applied to the sales price of~~
27 ~~the taxable items.~~

1 ~~(b) In a municipality that has adopted the tax authorized by~~
2 ~~this chapter, there is imposed an excise tax on the use, storage, or~~
3 ~~other consumption of gas or electricity for residential purposes~~
4 ~~and purchased from any retailer during the period that the tax is~~
5 ~~effective within the municipality. The tax is imposed at the same~~
6 ~~rate as the tax provided by Subsection (a).~~

7 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

8 ~~Amended by Acts 1991, 72nd Leg., ch. 705, Sec. 25, eff. Sept. 1,~~
9 ~~1991.~~

10 ~~Sec. 321.1045. IMPOSITION OF SALES AND USE TAX IN CERTAIN~~
11 ~~FEDERAL MILITARY INSTALLATIONS. (a) This section applies only to~~
12 ~~a municipality with a population of more than 500,000 that borders~~
13 ~~the United Mexican States.~~

14 ~~(b) For purposes of the sales and use tax imposed under this~~
15 ~~chapter, a reference in this chapter or other law to the~~
16 ~~municipality as the territory in which the tax or an incident of the~~
17 ~~tax applies includes the area within the boundaries of a federal~~
18 ~~military installation that is located in the municipality's~~
19 ~~extraterritorial jurisdiction.~~

20 ~~(c) This section does not affect:~~

21 ~~(1) the boundaries of an emergency services district~~
22 ~~that contains territory within the boundaries of a federal military~~
23 ~~installation on the effective date of this section;~~

24 ~~(2) the authority of that emergency services district~~
25 ~~to continue to impose a sales and use tax in the entire territory of~~
26 ~~the district; or~~

27 ~~(3) the duty of that emergency services district to~~

1 ~~provide services in the entire territory of the district.~~

2 ~~Added by Acts 2011, 82nd Leg., R.S., Ch. , Sec. 1, eff. July 1, 2011.~~

3 ~~Sec. 321.105. RESIDENTIAL USE OF GAS AND ELECTRICITY. (a)~~

4 ~~There are exempted from the taxes imposed by a municipality under~~
5 ~~this chapter the sale, production, distribution, lease, or rental~~
6 ~~of, and the use, storage, or other consumption within the~~
7 ~~municipality of gas and electricity for residential use in any~~
8 ~~municipality that:~~

9 ~~(1) adopted the tax on or after October 1, 1979; or~~

10 ~~(2) adopted the tax before that time but:~~

11 ~~(A) failed to exempt the residential use of gas~~
12 ~~and electricity before May 1, 1979; and~~

13 ~~(B) has not reimposed the tax as provided by~~
14 ~~Subsection (c).~~

15 ~~(b) A governing body of a municipality that adopted the~~
16 ~~taxes under this chapter before October 1, 1979, may, by ordinance~~
17 ~~adopted by a vote of a majority of the membership of the governing~~
18 ~~body and recorded in the municipal minutes, exempt from the taxes~~
19 ~~authorized by this chapter the receipts from the sale, production,~~
20 ~~distribution, lease, or rental of, and the use, storage, or other~~
21 ~~consumption of gas and electricity for residential use.~~

22 ~~(c) A governing body of a municipality that has adopted the~~
23 ~~taxes authorized by this chapter before May 1, 1979, and in which~~
24 ~~residential use of gas and electricity is exempted within the~~
25 ~~municipality, may reimpose the taxes on gas and electricity for~~
26 ~~residential use by ordinance adopted by a vote of the majority of~~
27 ~~the membership of the governing body and entered in the municipal~~

1 minutes.

2 ~~(d) The municipal secretary shall send to the comptroller by~~
3 ~~United States certified or registered mail a copy of an ordinance~~
4 ~~exempting or imposing the taxes on residential use of gas and~~
5 ~~electricity.~~

6 ~~(e) The exemption or reimposition of taxes on residential~~
7 ~~use of gas and electricity takes effect within the municipality as~~
8 ~~provided by Section 321.104(a) after receipt of a copy of the~~
9 ~~ordinance.~~

10 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

11 ~~Sec. 321.1055. IMPOSITION OF FIRE CONTROL OR CRIME CONTROL~~
12 ~~DISTRICT TAX ON THE RESIDENTIAL USE OF GAS AND ELECTRICITY. (a)~~
13 ~~This section applies to a fire control, prevention, and emergency~~
14 ~~medical services district or crime control and prevention district~~
15 ~~located in all or part of a municipality that imposes a tax on the~~
16 ~~residential use of gas and electricity under Section 321.105.~~

17 ~~(b) The board of directors of a district to which this~~
18 ~~section applies may, by order or resolution adopted in a public~~
19 ~~hearing by a vote of a majority of the membership of the board and~~
20 ~~recorded in the district's minutes:~~

21 ~~(1) impose a tax adopted under Section 321.106 or~~
22 ~~321.108, as applicable, on receipts from the sale, production,~~
23 ~~distribution, lease, or rental of, and the use, storage, or other~~
24 ~~consumption within the district of, gas and electricity for~~
25 ~~residential use,~~

26 ~~(2) exempt from taxation the items described by~~
27 ~~Subdivision (1), or~~

1 ~~(3) reimpose the tax under Subdivision (1).~~

2 ~~(c) A district that adopts an order or resolution under~~
3 ~~Subsection (b) shall:~~

4 ~~(1) send a copy of the order or resolution to the~~
5 ~~comptroller by United States certified or registered mail;~~

6 ~~(2) send a copy of the order or resolution and a copy~~
7 ~~of the district's boundaries to each gas and electric company whose~~
8 ~~customers are subject to the tax by United States certified or~~
9 ~~registered mail; and~~

10 ~~(3) publish notice of the order or resolution in a~~
11 ~~newspaper of general circulation in the district.~~

12 ~~(d) If the residential use of gas and electricity ceases to~~
13 ~~be taxable in the municipality in which a district is located, then~~
14 ~~the residential use of gas and electricity is not taxable by the~~
15 ~~district.~~

16 ~~(e) The provisions of Sections 321.201 and 321.204 that~~
17 ~~govern the computation of municipal taxes on gas and electricity~~
18 ~~for residential use apply to the computation of district taxes on~~
19 ~~gas and electricity for residential use under this section.~~

20 ~~Added by Acts 2009, 81st Leg., R.S., Ch. , Sec. 2, eff. January 1,~~
21 ~~2010.~~

22 ~~Sec. 321.106. FIRE CONTROL DISTRICT TAX. (c) The~~
23 ~~exemptions and exclusions of Chapter 220, Subchapters D and E apply~~
24 ~~equally to the determination of taxable receipts for purposes of~~
25 ~~any municipal value added tax.~~

26 Sec. 321.106. FIRE CONTROL DISTRICT TAX. (a) Subject to an
27 election held in accordance with Chapter 344, Local Government

1 Code, a municipality in which a fire control, prevention, and
2 emergency medical services district is established shall adopt a
3 ~~sales and use~~ value added tax in the area of the district for the
4 purpose of financing the operation of the fire control, prevention,
5 and emergency medical services district. The revenue from the tax
6 may be used only for the purpose of financing the operation of the
7 fire control, prevention, and emergency medical services district.
8 The proposition for adopting a tax under this section and the
9 proposition for creation of a fire control, prevention, and
10 emergency medical services district shall be submitted at the same
11 election. ~~For purposes of Section 321.101, a tax under this section~~
12 ~~is not an additional sales and use tax.~~

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

17 (c) The rate of a tax adopted for a district under this
18 section may be increased in increments of one-eighth of one
19 percent, not to exceed a total tax rate of one-~~half~~ quarter percent,
20 for financing the operation of the fire control, prevention, and
21 emergency medical services district by order of the board of
22 directors of the fire control, prevention, and emergency medical
23 services district if approved by a majority of the qualified voters
24 voting at an election called by the board and held in the district
25 on the question of increasing the tax rate. At the election, the
26 ballot shall be printed to provide for voting for or against the
27 proposition: "The increase of the _____ (name of the

1 municipality that created the district) Fire Control, Prevention,
2 and Emergency Medical Services District ~~sales and use~~ value added
3 tax rate to _____ percent." If there is an increase or decrease
4 under this section in the rate of a tax imposed under this section,
5 the new rate takes effect on the first day of the next calendar
6 quarter after the expiration of one calendar quarter after the
7 comptroller receives notice of the increase or decrease. However,
8 if the comptroller notifies the president of the board of directors
9 of the district in writing within 10 days after receipt of the
10 notification that the comptroller requires more time to implement
11 reporting and collection procedures, the comptroller may delay
12 implementation of the rate change for one calendar quarter, and the
13 new rate takes effect on the first day of the calendar quarter that
14 follows the elapsed quarter.

15 (d) The comptroller shall remit to the municipality amounts
16 collected at the rate imposed under this section as part of the
17 regular allocation of other municipal tax revenue collected by the
18 comptroller. The municipality shall remit that amount to the
19 district. A ~~retailer~~ taxpayer may not be required to use allocation
20 and reporting procedures in the collection of taxes under this
21 section that are different from the procedures that ~~retailers~~
22 taxpayers use in the collection of other ~~sales and use~~ value added
23 taxes under this chapter. ~~An item, transaction, or~~ A service that
24 or property the supply of which is taxable in a municipality under a
25 ~~sales or use~~ value added tax authorized by another section of this
26 chapter is taxable under this section. ~~An item, transaction, or~~ A
27 service ~~that~~ or property the supply of which is not taxable in a

1 municipality under a ~~sales or use~~ value added tax authorized by
2 another section of this chapter is not taxable under this section.

3 (e) If, in a municipality where a fire control, prevention,
4 and emergency medical services district is composed of the whole
5 municipality, a municipal ~~sales and use~~ value added tax or a
6 municipal ~~sales and use~~ value added tax rate increase for the
7 purpose of financing a fire control, prevention, and emergency
8 medical services district is approved, the municipality is
9 responsible for distributing to the district that portion of the
10 municipal ~~sales and use~~ value added tax revenue received from the
11 comptroller that is to be used for the purposes of financing the
12 fire control, prevention, and emergency medical services district.
13 Not later than the 10th day after the date the municipality receives
14 money under this section from the comptroller, the municipality
15 shall make the distribution in the proportion that the fire
16 control, prevention, and emergency medical services portion of the
17 tax rate bears to the total ~~sales and use~~ value added tax rate of the
18 municipality. The amounts distributed to a fire control,
19 prevention, and emergency medical services district are not
20 considered to be ~~sales and use~~ value added tax revenue for the
21 purpose of property tax reduction and computation of the municipal
22 tax rate under Section 26.041.

23 (f) For purposes of the tax imposed under this section, a
24 reference in this chapter to the municipality as the territory in
25 which the tax or an incident of the tax applies means only the
26 territory located in the fire control, prevention, and emergency
27 medical services district, if that district is composed of an area

1 less than an entire municipality.

2 (g) The comptroller may adopt rules and the municipality's
3 governing body may adopt orders to administer this section.

4 ~~Added by Acts 2001, 77th Leg., ch. 1295, Sec. 2, eff. June 1, 2001.~~

5 ~~Sec. 321.107.~~ 321.107. ADMINISTRATION OF LOCAL ~~SALES AND~~
6 ~~USE~~ VALUE ADDED TAXES IMPOSED BY OTHER GOVERNMENTAL ENTITIES. The
7 imposition, computation, administration, enforcement, and
8 collection of any local ~~sales and use~~ value added tax imposed by any
9 other local governmental entity is governed by this chapter, except
10 as otherwise provided by law. In this section, "other local
11 governmental entity" includes any governmental entity created by
12 the legislature that has a limited purpose or function, that has a
13 defined or restricted geographic territory, and that is authorized
14 by law to impose a local ~~sales and use~~ value added tax. The term
15 does not include a county, county health services district, county
16 landfill and criminal detention center district, metropolitan
17 transportation authority, coordinated county transportation
18 authority, economic development district, crime control district,
19 hospital district, emergency services district, or library
20 district.

21 ~~Added by Acts 2003, 78th Leg., ch. 209, Sec. 54, eff. Oct. 1, 2003.~~

22 ~~Amended by:~~

23 ~~Acts 2007, 80th Leg., R.S., Ch. , Sec. 21, eff. September 1,~~
24 ~~2007.~~

25 ~~Sec. 321.108.~~

26 Sec. 321.108. MUNICIPAL CRIME CONTROL AND PREVENTION
27 DISTRICT TAX. (a) Subject to an election held in accordance with

1 Chapter 363, Local Government Code, a municipality in which a crime
2 control and prevention district is established shall adopt a ~~sales~~
3 ~~and use~~ value added tax in the area of the district for the purpose
4 of financing the operation of the crime control and prevention
5 district. The revenue from the tax may be used only for the purpose
6 of financing the operation of the crime control and prevention
7 district. The proposition for adopting a tax under this section and
8 the proposition for creation of a crime control and prevention
9 district shall be submitted at the same election.

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

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

22 (d) The rate of a tax adopted for a district under this
23 section may be increased in increments of one-eighth of one
24 percent, not to exceed a total tax rate of one-quarter ~~half~~ percent
25 for financing the operation of the crime control and prevention
26 district, by order of the board of directors of the crime control
27 and prevention district if approved by a majority of the voters

1 voting at an election called by the board and held in the district
2 on the question of increasing the tax rate. At the election, the
3 ballot shall be printed to provide for voting for or against the
4 following proposition: "The increase of the _____ Crime
5 Control and Prevention District ~~sales and use~~ value added tax rate
6 to _____ percent." If there is an increase or decrease under
7 this subsection in the rate of a tax imposed under this section, the
8 new rate takes effect on the first day of the next calendar quarter
9 after the expiration of one calendar quarter after the comptroller
10 receives notice of the increase or decrease. However, if the
11 comptroller notifies the president of the board of directors of the
12 district in writing within 10 days after receipt of the
13 notification that the comptroller requires more time to implement
14 reporting and collection procedures, the comptroller may delay
15 implementation of the rate change for another calendar quarter, and
16 the new rate takes effect on the first day of the next calendar
17 quarter following the elapsed quarter.

18 (e) The comptroller shall remit to the municipality amounts
19 collected at the rate imposed under this section as part of the
20 regular allocation of municipal tax revenue collected by the
21 comptroller if the district is composed of the entire municipality.
22 The comptroller shall, if the district is composed of an area less
23 than the entire municipality, remit that amount to the district.
24 ~~Retailers~~ Taxpayers may not be required to use allocation and
25 reporting procedures in the collection of taxes under this section
26 that are different from the procedures that ~~retailers~~ taxpayers use
27 in the collection of other ~~sales and use~~ value added taxes under

1 this chapter. ~~An item, transaction,~~ A supply of services or
2 ~~service~~ property that is taxable in a municipality under a ~~sales or~~
3 ~~use~~ value added tax authorized by another section of this chapter is
4 taxable under this section. ~~An item, transaction, or service~~ A
5 supply of services or property that is not taxable in a municipality
6 under a ~~sales or use~~ value added tax authorized by another section
7 of this chapter is not taxable under this section.

8 (f) If, in a municipality in which a crime control and
9 prevention district is composed of the whole municipality, a
10 municipal ~~sales and use~~ value added tax or a municipal ~~sales and use~~
11 value added tax rate increase for the purpose of financing a crime
12 control and prevention district is approved, the municipality is
13 responsible for distributing to the district that portion of the
14 municipal ~~sales and use~~ value added tax revenue received from the
15 comptroller that is to be used for the purposes of financing the
16 crime control and prevention district. Not later than the 10th day
17 after the date the municipality receives money under this section
18 from the comptroller, the municipality shall make the distribution
19 in the proportion that the crime control and prevention portion of
20 the tax rate bears to the total ~~sales and use~~ value added tax rate of
21 the municipality. The amounts distributed to a crime control and
22 prevention district are not considered to be additional municipal
23 ~~sales and use~~ value added tax revenue for the purpose of property
24 tax reduction and computation of the municipal tax rate under
25 Section 26.041.

26 (g) For purposes of the tax imposed under this section, a
27 reference in this chapter to the municipality as the territory in

1 which the tax or an incident of the tax applies means only the
2 territory located in the crime control and prevention district, if
3 that district is composed of an area less than an entire
4 municipality.

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

7 ~~Added by Acts 2007, 80th Leg., R.S., Ch. , Sec. 5, eff. June 15,~~
8 ~~2007.~~

9 SUBCHAPTER C. COMPUTATION OF TAXES

10 Sec. 321.201. COMPUTATION OF ~~SALES~~ VALUE ADDED TAXES. (a)
11 Each ~~retailer taxpayer~~ taxpayer in a municipality that has adopted a tax
12 authorized by this chapter shall add each ~~sales~~ value added tax
13 imposed by the municipality under this chapter and by Chapter ~~151~~
14 220 to the ~~sales~~ supply price, and the sum of the taxes is a part of
15 the price, a debt of the ~~purchaser~~ customer to the ~~retailer taxpayer~~
16 until paid, and recoverable at law in the same manner as the
17 ~~purchase~~ supply price. ~~If the municipality imposes the tax on gas~~
18 ~~and electricity for residential use, only the municipal tax is~~
19 ~~added to the sales price of sales of gas and electricity for~~
20 ~~residential use.~~

21 (b) The amount of the total tax is computed by multiplying
22 the combined applicable tax rates, ~~or the rate of the municipal tax~~
23 ~~only for sales of gas and electricity for residential use in a~~
24 ~~municipality that imposes the tax on gas and electricity for~~
25 ~~residential use,~~ by the amount of the ~~sales~~ supply price. If the
26 product results in a fraction of a cent less than one-half of one
27 cent, the fraction of a cent is not collected. If the fraction of a

1 cent is one-half of one cent or more, the fraction shall be
2 collected as one cent.

3 (c) The comptroller may publish schedules and brackets of
4 amounts of taxes based on the formula provided by Subsection (b) for
5 use in municipalities that have adopted the taxes authorized by
6 this chapter.

7 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

8 ~~Sec. 321.202. METHOD OF REPORTING: RETAILERS HAVING SALES~~
9 ~~BELOW TAXABLE AMOUNT. The exclusion provided by Section 151.411~~
10 ~~applies to a retailer under this chapter 50 percent of whose~~
11 ~~receipts from the sales of taxable items comes from individual~~
12 ~~transactions in which the sales price is an amount on which no tax~~
13 ~~is produced from the combined state and local taxes.~~

14 ~~Added by Acts 1987, 70th Leg., ch. 191,~~

15 Sec. 321.202. REPEALED

16 Sec. 321.203. REPEALED

17 ~~Sec. 1, eff. Sept. 1, 1987.~~

18 ~~For expiration of Subsections (c-2) and (c-3), see Subsection~~
19 ~~(c-3).~~

20 ~~Sec. 321.203. CONSUMMATION OF SALE. (a) A sale of a~~
21 ~~taxable item occurs within the municipality in which the sale is~~
22 ~~consummated. A sale is consummated as provided by this section~~
23 ~~regardless of the place where transfer of title or possession~~
24 ~~occurs.~~

25 ~~(b) If a retailer has only one place of business in this~~
26 ~~state, all of the retailer's retail sales of taxable items are~~
27 ~~consummated at that place of business except as provided by~~

1 ~~Subsection (e).~~

2 ~~(c) If a retailer has more than one place of business in this~~
3 ~~state, each sale of each taxable item by the retailer is consummated~~
4 ~~at the place of business of the retailer in this state where the~~
5 ~~retailer first receives the order, provided that the order is~~
6 ~~placed in person by the purchaser or lessee of the taxable item at~~
7 ~~the place of business of the retailer in this state where the~~
8 ~~retailer first receives the order.~~

9 ~~(c-1) If the retailer has more than one place of business in~~
10 ~~this state and Subsection (c) does not apply, the sale is~~
11 ~~consummated at the place of business of the retailer in this state:~~

12 ~~(1) from which the retailer ships or delivers the~~
13 ~~item, if the retailer ships or delivers the item to a point~~
14 ~~designated by the purchaser or lessee; or~~

15 ~~(2) where the purchaser or lessee takes possession of~~
16 ~~and removes the item, if the purchaser or lessee takes possession of~~
17 ~~and removes the item from a place of business of the retailer.~~

18 ~~(c-2) Subsection (c) does not apply if:~~

19 ~~(1) the taxable item is shipped or delivered from a~~
20 ~~warehouse:~~

21 ~~(A) that is a place of business of the retailer,~~

22 ~~(B) in relation to which the retailer has an~~
23 ~~economic development agreement with:~~

24 ~~(i) the municipality in which the warehouse~~
25 ~~is located that was entered into under Chapter 380, 504, or 505,~~
26 ~~Local Government Code, or a predecessor statute, before January 1,~~
27 ~~2009; or~~

1 ~~(ii) the county in which the warehouse is~~
2 ~~located that was entered into under Chapter 381, Local Government~~
3 ~~Code, before January 1, 2009; and~~

4 ~~(C) in relation to which the municipality~~
5 ~~provides information relating to the economic development~~
6 ~~agreement as required by Subsection (c-3) by the deadline~~
7 ~~prescribed by that subsection, or, if appropriate, the county~~
8 ~~complies with Section 323.203(c-3) by the deadline prescribed by~~
9 ~~that section; and~~

10 ~~(2) the place of business of the retailer at which the~~
11 ~~retailer first receives the order in the manner described by~~
12 ~~Subsection (c) is a retail outlet identified in the information~~
13 ~~required by Subsection (c-3) or Section 323.203(c-3) as being~~
14 ~~served by the warehouse on January 1, 2009.~~

15 ~~(c-3) Not later than September 1, 2009, a municipality that~~
16 ~~has entered into an economic development agreement described by~~
17 ~~Subsection (c-2) shall send to the comptroller information~~
18 ~~prescribed by the comptroller relating to the agreement that~~
19 ~~identifies each warehouse subject to the agreement and each retail~~
20 ~~outlet that, on January 1, 2009, was served by that warehouse. The~~
21 ~~comptroller shall prescribe the manner in which the information~~
22 ~~must be provided. The provision of information to the comptroller~~
23 ~~under this subsection does not affect whether information described~~
24 ~~by this subsection is confidential or excepted from required public~~
25 ~~disclosure. This subsection and Subsection (c-2) expire September~~
26 ~~1, 2014.~~

27 ~~(d) If the retailer has more than one place of business in~~

1 ~~this state and Subsections (c) and (c-1) do not apply, the sale is~~
2 ~~consummated at:~~

3 ~~(1) the place of business of the retailer in this state~~
4 ~~where the order is received, or~~

5 ~~(2) if the order is not received at a place of business~~
6 ~~of the retailer, the place of business from which the retailer's~~
7 ~~agent or employee who took the order operates.~~

8 ~~(e) A sale of a taxable item is consummated at the location~~
9 ~~in this state to which the item is shipped or delivered or at which~~
10 ~~possession is taken by the customer if transfer of possession of the~~
11 ~~item occurs at, or shipment or delivery of the item originates from,~~
12 ~~a location in this state other than a place of business of the~~
13 ~~retailer and if:~~

14 ~~(1) the retailer is an itinerant vendor who has no~~
15 ~~place of business in this state,~~

16 ~~(2) the retailer's place of business where the~~
17 ~~purchase order is initially received or from which the retailer's~~
18 ~~agent or employee who took the order operates is outside this state,~~
19 ~~or~~

20 ~~(3) the purchaser places the order directly with the~~
21 ~~retailer's supplier and the item is shipped or delivered directly~~
22 ~~to the purchaser by the supplier.~~

23 ~~(f) The sale of natural gas and electricity is consummated~~
24 ~~at the point of delivery to the consumer.~~

25 ~~(g) The sale of mobile telecommunications services is~~
26 ~~consummated in accordance with Section 151.061.~~

27 ~~(g-1) The sale of telecommunications services sold based on~~

1 ~~a price that is measured by individual calls is consummated at the~~
2 ~~location where the call originates and terminates or the location~~
3 ~~where the call either originates or terminates and at which the~~
4 ~~service address is also located.~~

5 ~~(g-2) Except as provided by Subsection (g-3), the sale of~~
6 ~~telecommunications services sold on a basis other than on a~~
7 ~~call-by-call basis is consummated at the location of the customer's~~
8 ~~place of primary use.~~

9 ~~(g-3) A sale of post-paid calling services is consummated at~~
10 ~~the location of the origination point of the telecommunications~~
11 ~~signal as first identified by the seller's telecommunications~~
12 ~~system or by information received by the seller from the seller's~~
13 ~~service provider if the system used to transport the signal is not~~
14 ~~that of the seller.~~

15 ~~(h) The sale of an amusement service is consummated in the~~
16 ~~municipality in which the performance or other delivery of the~~
17 ~~service takes place.~~

18 ~~(i) If a purchaser who has given a resale certificate makes~~
19 ~~any use of a taxable item that subjects the taxable item to the~~
20 ~~sales tax under the provisions of Section 151.154, the use or other~~
21 ~~consumption of the taxable item that subjected the taxable item to~~
22 ~~the tax is consummated at the place where the taxable item is stored~~
23 ~~or kept at the time of or just before the use or consumption.~~

24 ~~(j) The sale of services delivered through a cable system is~~
25 ~~consummated at the point of delivery to the consumer.~~

26 ~~(k) The sale of garbage or other solid waste collection or~~
27 ~~removal service is consummated at the location at which the garbage~~

1 ~~or other solid waste is located when its collection or removal~~
2 ~~begins.~~

3 ~~(l) Except as otherwise provided by this section, the sale~~
4 ~~of a taxable service, other than a service described by Section~~
5 ~~151.330(f), is consummated at the location at which the service is~~
6 ~~performed or otherwise delivered.~~

7 ~~(l) Repealed by Acts 2007, 80th Leg., R.S., Ch. 1266, Sec.~~
8 ~~15(4), eff. September 1, 2007.~~

9 ~~(m) If there is no place of business of the retailer because~~
10 ~~the comptroller determines that an outlet, office, facility, or~~
11 ~~location contracts with a retail or commercial business to process~~
12 ~~for that business invoices or bills of lading and that the outlet,~~
13 ~~office, facility, or location functions or exists to avoid the tax~~
14 ~~imposed by this chapter or to rebate a portion of the tax imposed by~~
15 ~~this chapter to the contracting business, a sale is consummated at~~
16 ~~the place of business of the retailer from whom the outlet, office,~~
17 ~~facility, or location purchased the taxable item for resale to the~~
18 ~~contracting business.~~

19 ~~(n) A sale of a service described by Section 151.0047 to~~
20 ~~remodel, repair, or restore nonresidential real property is~~
21 ~~consummated at the location of the job site.~~

22 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

23 ~~Amended by Acts 1989, 71st Leg., ch. 2, Sec. 14.22(a), eff. Aug. 28,~~

24 ~~1989; Acts 1989, 71st Leg., ch. 810, Sec. 1, eff. Oct. 1, 1989;~~

25 ~~Acts 1991, 72nd Leg., ch. 705, Sec. 26, eff. Sept. 1, 1991; Acts~~

26 ~~2001, 77th Leg., ch. 370, Sec. 2, eff. Aug. 1, 2002; Acts 2003, 78th~~

27 ~~Leg., ch. 209, Sec. 55, eff. Oct. 1, 2003; Acts 2003, 78th Leg., ch.~~

1 ~~1155, Sec. 2, 3, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 1310,~~
2 ~~Sec. 115, eff. July 1, 2004.~~

3 ~~Amended by:~~

4 ~~Acts 2005, 79th Leg., Ch. , Sec. 23.001(83), eff. September~~
5 ~~1, 2005.~~

6 ~~Acts 2007, 80th Leg., R.S., Ch. , Sec. 11, eff. September 1,~~
7 ~~2007.~~

8 ~~Acts 2007, 80th Leg., R.S., Ch. , Sec. 15(4), eff. September~~
9 ~~1, 2007.~~

10 ~~Acts 2009, 81st Leg., R.S., Ch. , Sec. 5, eff. June 19, 2009.~~

11 ~~Sec. 321.204. 321.204. COMPUTATION OF USE TAX. (a) In~~
12 ~~each municipality that has adopted the taxes authorized by this~~
13 ~~chapter, the taxes imposed by Section 321.104(a) and the tax~~
14 ~~imposed by ~~Subchapter D, Chapter 151~~ 220, are added together to form~~
15 ~~a single combined tax rate, ~~except:~~~~

16 ~~(1) in a municipality that imposes the tax on gas and~~
17 ~~electricity for residential use only the rate of the municipal tax~~
18 ~~is used to determine the amount of tax on the use, storage, or other~~
19 ~~consumption of gas and electricity for residential use; and~~

20 ~~(2) only the rate of the municipal tax is used in a~~
21 ~~situation described by Section 321.205(b).~~

22 ~~(b) The formula prescribed by Section 321.201(b) applies to~~
23 ~~the computation of the amount of use taxes under this chapter.~~

24 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

25 ~~Sec. 321.205. USE TAX: MUNICIPALITY IN WHICH USE OCCURS.~~

26 ~~(a) In determining the incidence of the use tax authorized by this~~
27 ~~chapter the name of the municipality adopting the tax is~~

1 ~~substituted in Subchapter D, Chapter 151, for "this state" where~~
2 ~~those words are used to designate the taxing entity or delimit the~~
3 ~~tax imposed. However, the excise tax authorized by this chapter on~~
4 ~~the use, storage, or consumption of a taxable item does not apply if~~
5 ~~the item is first used, stored, or consumed in a municipality or~~
6 ~~area that has not adopted the taxes authorized by this chapter.~~

7 ~~(b) If a sale of a taxable item is consummated in this state~~
8 ~~but not within a municipality that has adopted the taxes authorized~~
9 ~~by this chapter and the item is shipped directly, or brought by the~~
10 ~~purchaser or lessee directly, into a municipality that has adopted~~
11 ~~the taxes authorized by this chapter, the item is subject to the~~
12 ~~municipality's use tax. The use is considered to be consummated at~~
13 ~~the location where the item is first stored, used, or consumed after~~
14 ~~the intrastate transit has ceased.~~

15 ~~(c) If a taxable item is shipped from outside this state to a~~
16 ~~customer within this state and the use of the item is consummated~~
17 ~~within a municipality that has adopted the tax authorized by this~~
18 ~~chapter, the item is subject to the municipality's use tax and not~~
19 ~~its sales tax. A use is considered to be consummated at the first~~
20 ~~point in this state where the item is stored, used, or consumed~~
21 ~~after the interstate transit has ceased. A taxable item delivered~~
22 ~~to a point in this state is presumed to be for storage, use, or~~
23 ~~consumption at that point until the contrary is established.~~

24 ~~(d) The holder of a direct payment permit issued under~~
25 ~~Chapter 151 who becomes liable for the use tax under this chapter by~~
26 ~~reason of the storage, use, or consumption of a taxable item~~
27 ~~purchased in this state under a direct payment exemption~~

1 ~~certificate shall allocate the tax to the municipality in which the~~
2 ~~item was first removed from the permit holder's storage, or if not~~
3 ~~stored, the place at which the item was first used or consumed by~~
4 ~~the permit holder after transportation. In this subsection an item~~
5 ~~is not considered to have been stored, used, or consumed because of~~
6 ~~a temporary delay or interruption necessary and incidental to its~~
7 ~~transportation or further fabrication, processing, or assembling~~
8 ~~within this state for delivery to the permit holder. A charge for~~
9 ~~fabrication, processing, or further assembly in a municipality that~~
10 ~~has adopted the tax under this chapter shall be subject to the~~
11 ~~municipal use tax.~~

12 ~~(e) With respect to a taxable service, "use" means the~~
13 ~~derivation in the municipality of direct or indirect benefit from~~
14 ~~the service.~~

15 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

16 ~~Amended by Acts 1991, 72nd Leg., ch. 705, Sec. 27, eff. Sept. 1,~~
17 ~~1991.~~

18 ~~Sec. 321.206.~~

19 Sec. 321.205. REPEALED

20 Sec. 321.206. INCIDENCE OF ADDITIONAL MUNICIPAL SALES AND
21 USE VALUE ADDED TAX. For the purpose of determining the proper
22 ~~sales value added tax under this chapter and the proper excise tax~~
23 ~~on the use, storage, or other consumption of taxable items under~~
24 ~~Section 321.101(b):~~

25 ~~(1) , if a taxable item service or property is used,~~
26 ~~stored, or otherwise consumed supplied in a municipality that has~~
27 ~~adopted the additional municipal sales and use value added tax, the~~

1 statutes listed in Section 322.108(a) apply, and

2 ~~(2) if the sales tax applies in a municipality that has~~
3 ~~not adopted the municipal sales and use tax, the excise tax on the~~
4 ~~use, storage, or other consumption of the taxable item does not~~
5 ~~apply.~~

6 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

7 ~~Amended by Acts 1989, 71st Leg., ch. 2, Sec. 14.15(a), eff. Aug. 28,~~
8 ~~1989.~~

9 ~~Sec. 321.207.~~

10 Sec. 321.207. LOCAL TAX INAPPLICABLE WHEN NO STATE TAX;
11 EXCEPTIONS. (a) The ~~sales~~ value added tax authorized by this
12 chapter does not apply to the ~~sale~~ supply of a ~~taxable item~~ services
13 or property unless the ~~sales~~ value added tax imposed by ~~Subchapter~~
14 ~~C, Chapter 151~~ 220, also applies to the sale.

15 ~~(b) The excise tax authorized by this chapter on the use,~~
16 ~~storage, or consumption of a taxable item does not apply to the use,~~
17 ~~storage, or consumption of a taxable item unless the tax imposed by~~
18 ~~Subchapter D, Chapter 151, also applies to the use, storage, or~~
19 ~~consumption.~~

20 ~~(c) Subsections (a) and (b) do not apply to the taxes~~
21 ~~authorized by this chapter on the sale, production, distribution,~~
22 ~~lease, or rental of, and the use, storage, or consumption of gas and~~
23 ~~electricity for residential use.~~

24 ~~(d) Subsection (b) does not apply to the application of the~~
25 ~~tax in a situation described by Section 321.205(b).~~

26 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

27 ~~Amended by Acts 1991, 72nd Leg., ch. 705, Sec. 28, eff. Sept. 1,~~

1 ~~1991.~~

2 ~~Sec. 321.208.~~

3 Sec. 321.208. STATE EXEMPTIONS APPLICABLE. The exemptions
4 and exclusions provided by ~~Subchapter H,~~ Subchapters D and E of
5 Chapter ~~151,~~ 220 apply to the taxes authorized by this chapter,
6 ~~except as provided by Section 151.317(b).~~

7 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

8 ~~Sec. 321.209.~~

9 Sec. 321.209. TRANSITION EXEMPTION: GENERAL PURPOSE ~~SALES~~
10 ~~AND USE~~ VALUE ADDED TAX. (a) For a period of three years only after
11 the effective date of the tax authorized by Section 321.101(a) in a
12 municipality, ~~the~~ otherwise taxable receipts from the ~~sale~~ supply
13 ~~of, and the use, storage, and consumption of, taxable items~~
14 services or property are exempt from the tax imposed by the
15 municipality under Section 321.101(a) if the notice required by
16 Subsection (b) is given and if:

17 (1) the ~~items~~ services and/or property are ~~used for~~
18 supplied for the performance of a written contract entered into
19 before the effective date of the tax imposed under Section
20 321.101(a) in the municipality if the contract may be affected and
21 the contract may not be modified because of the tax; or

22 (2) the ~~items~~ services and/or property are ~~used~~
23 supplied under the obligation of a bid submitted before the
24 effective date of the tax imposed under Section 321.101(a) in the
25 municipality if the contract may be affected and the bid may not be
26 withdrawn or modified because of the tax.

27 (b) The taxpayer must give the comptroller notice of the

1 contract or bid on which an exemption is to be claimed within 60
2 days after the effective date of the tax imposed under Section
3 321.101(a) in the municipality.

4 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~
5 ~~Amended by Acts 1989, 71st Leg., ch. 2, Sec. 14.14(d), eff. Aug. 28,~~
6 ~~1989.~~

7 ~~Sec. 321.2091.~~ 321.2091. TRANSITION EXEMPTION: ADDITIONAL
8 MUNICIPAL ~~SALES AND USE~~ VALUE ADDED TAX. (a) The otherwise taxable
9 receipts from the ~~sale, use, or rental~~ supply of services and ~~the~~
10 ~~storage, use, or consumption of taxable items in this state/or~~
11 property are exempt from the adoption or increase of the additional
12 municipal ~~sales and use~~ value added tax if the ~~items~~ services and/or
13 property are ~~used~~ supplied:

14 (1) for the performance of a written contract entered
15 into before the date the adoption or increase of the additional tax
16 takes effect in the municipality, if the contract is not subject to
17 change or modification by reason of the tax; or

18 (2) pursuant to an obligation of a bid or bids
19 submitted prior to the date the adoption or increase of the
20 additional tax takes effect in the municipality, if the bid or bids
21 may not be withdrawn, modified, or changed by reason of the tax.

22 (b) The exemptions provided by this section have no effect
23 after three years from the date the adoption or increase of the
24 additional tax takes effect in the municipality.

25 ~~Added by Acts 1989, 71st Leg., ch. 2, Sec. 14.14(c), eff. Aug. 28,~~
26 ~~1989. Amended by Acts 1991, 72nd Leg., ch. 184, Sec. 5, eff. May 24,~~
27 ~~1991.~~

1 ~~Sec. 321.210. TELECOMMUNICATIONS EXEMPTION. (a) There are~~
2 ~~exempted from the taxes imposed under this chapter the sales within~~
3 ~~the municipality of telecommunications services unless the~~
4 ~~application of the exemption is repealed under this section. A~~
5 ~~municipality may not repeal the application of this exemption as it~~
6 ~~applies to interstate long-distance telecommunications services,~~
7 ~~but if a municipality has repealed the exemption before the~~
8 ~~effective date of Part 4, Article 1, H.B. No. 61, Acts of the 70th~~
9 ~~Legislature, 2nd Called Session, 1987, interstate long-distance~~
10 ~~telecommunications services in that municipality are not subject to~~
11 ~~taxes imposed under this chapter.~~

12 ~~(b) The governing body of a municipality by ordinance~~
13 ~~adopted by a majority vote of the governing body in the manner~~
14 ~~required for the adoption of other ordinances may repeal the~~
15 ~~application of the exemption provided by Subsection (a) for~~
16 ~~telecommunications services sold within the municipality.~~

17 ~~(c) A municipality that has repealed the application of the~~
18 ~~exemption may in the same manner reinstate the exemption.~~

19 ~~(d) A vote of the governing body of a municipality repealing~~
20 ~~the application of or reinstating the exemption must be entered in~~
21 ~~the minutes of the municipality. The municipal secretary shall~~
22 ~~send to the comptroller by United States certified or registered~~
23 ~~mail a copy of each ordinance adopted under this section. The~~
24 ~~repeal of the application of the exemption or a reinstated~~
25 ~~exemption takes effect within the municipality as provided by~~
26 ~~Section 321.102(a) after receipt of a copy of the ordinance.~~

27 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

1 ~~Amended by Acts 1987, 70th Leg., 2nd C.S., ch. 5, art. 1, pt. 4, Sec.~~
2 ~~33.~~

3 SUBCHAPTER D. ADMINISTRATION OF TAXES

4 Sec. 321.301. COMPTROLLER TO COLLECT AND ADMINISTER TAXES.

5 The comptroller shall administer, collect, and enforce any tax
6 imposed by a municipality under this chapter. The taxes imposed
7 under this chapter and the ~~tax~~ taxes imposed under Chapter ~~151~~ 220
8 shall be collected together, if both taxes are imposed.

9 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

10 ~~Sec. 321.302.~~

11 Sec. 321.302. COMPTROLLER'S REPORTING DUTIES. (a) The

12 comptroller shall make quarterly reports to a municipality that has
13 adopted the taxes authorized by this chapter if the municipality
14 requests the reports. A report must include the name, address, and
15 account number of each person in the municipality that has remitted
16 to the comptroller a tax payment during the quarter covered by the
17 report.

18 (b) If a municipality requests an additional report, the
19 comptroller shall make an additional quarterly report to the
20 municipality including the name, address, and account number, if
21 any, of, and the amount of tax due from, each person doing business
22 in the municipality who has failed to pay the tax under this chapter
23 to the municipality or under Chapter ~~151~~ 220. The additional report
24 must also include statements:

25 (1) showing whether or not there has been a partial tax
26 payment by the delinquent taxpayer;

27 (2) showing whether or not the taxpayer is delinquent

1 in the payment of ~~sales and use~~ value added taxes to the state; and

2 (3) describing the steps taken by the comptroller to
3 collect the delinquent taxes.

4 (c) If a municipality determines that a person doing
5 business in the municipality is not included in a comptroller's
6 report, the municipality shall report to the comptroller the name
7 and address of the person. Within 90 days after receiving the
8 report from a municipality, the comptroller shall send to the
9 municipality:

10 (1) an explanation as to why the person is not
11 obligated for the municipal tax;

12 (2) a statement that the person is obligated for the
13 municipal tax and the tax is delinquent; or

14 (3) a certification that the person is obligated for
15 the municipal tax and that the full amount of the tax due has been
16 credited to the municipality's account.

17 (d) The comptroller shall send by United States certified or
18 registered mail to the municipal tax collector a notice of each
19 person who is delinquent in the payment to the municipality of the
20 taxes authorized by this chapter and shall send a copy of the notice
21 to the attorney general. A notice sent under this subsection is a
22 certification of the amount of tax owed and is prima facie evidence
23 of a determination of that amount and of its delinquency.

24 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

25 ~~Sec. 321.3022.~~

26 Sec. 321.3022. TAX INFORMATION. (a) In this section,
27 "other local governmental entity" has the meaning assigned by

1 Section 321.107.

2 (a-1) Except as otherwise provided by this section, the
3 comptroller on request shall provide to a municipality or other
4 local governmental entity that has adopted a tax under this
5 chapter:

6 (1) information relating to the amount of tax paid to
7 the municipality or other local governmental entity under this
8 chapter during the preceding or current calendar year by each
9 person doing business in the municipality or other local
10 governmental entity who annually remits to the comptroller state
11 and local ~~sales~~ value added tax payments of more than \$5,000; and

12 (2) any other information as provided by this section.

13 (a-2) The comptroller on request shall provide to a
14 municipality or other local governmental entity that has adopted a
15 tax under this chapter and that does not impose an ad valorem tax
16 information relating to the amount of tax paid to the municipality
17 or other local governmental entity under this chapter during the
18 preceding or current calendar year by each person doing business in
19 the municipality or other local governmental entity who annually
20 remits to the comptroller state and local ~~sales~~ value added tax
21 payments of more than \$500.

22 (b) The comptroller on request shall provide to a
23 municipality or other local governmental entity that has adopted a
24 tax under this chapter information relating to the amount of tax
25 paid to the municipality or other local governmental entity under
26 this chapter during the preceding or current calendar year by each
27 person doing business in an area, as defined by the municipality or

1 other local governmental entity, that is part of:

2 (1) an interlocal agreement;

3 (2) a tax abatement agreement;

4 (3) a reinvestment zone;

5 (4) a tax increment financing district;

6 (5) a revenue sharing agreement;

7 (6) an enterprise zone;

8 (7) a neighborhood empowerment zone;

9 (8) a crime control and prevention district;

10 (9) a fire control, prevention, and emergency medical
11 services district;

12 (10) any other agreement, zone, or district similar to
13 those listed in Subdivisions (1)-(9); or

14 (11) any area defined by the municipality or other
15 local governmental entity for the purpose of economic forecasting.

16 (c) The comptroller shall provide the information under
17 Subsection (b) as an aggregate total for all persons doing business
18 in the defined area without disclosing individual tax payments.

19 (d) If the request for information under Subsection (b)
20 involves not more than three persons doing business in the defined
21 area who remit taxes under this chapter, the comptroller shall
22 refuse to provide the information to the municipality or other
23 local governmental entity unless the comptroller receives
24 permission from each of the persons allowing the comptroller to
25 provide the information to the municipality or other local
26 governmental entity as requested.

27 (e) A separate request for information under this section

1 must be made in writing by the municipality's mayor or chief
2 administrative officer or by the governing body of the other local
3 governmental entity each year.

4 (f) Information received by a municipality or other local
5 governmental entity under this section is confidential, is not open
6 to public inspection, and may be used only for the purpose of
7 economic forecasting, for internal auditing of a tax paid to the
8 municipality or other local governmental entity under this chapter,
9 or for the purpose described in Subsection (g).

10 (g) Information received by a municipality or other local
11 governmental entity under Subsection (b) may be used by the
12 municipality or other local governmental entity to assist in
13 determining revenue sharing under a revenue sharing agreement or
14 other similar agreement.

15 (h) The comptroller may set and collect from a municipality
16 or other local governmental entity reasonable fees to cover the
17 expense of compiling and providing information under this section.

18 (i) Notwithstanding Chapter 551, Government Code, the
19 governing body of a municipality or other local governmental entity
20 is not required to confer with one or more employees or a third
21 party in an open meeting to receive information or question the
22 employees or third party regarding the information received by the
23 municipality or other local governmental entity under this section.

24 ~~Added by Acts 1995, 74th Leg., ch. 1000, Sec. 70, eff. Oct. 1, 1995.~~

25 ~~Amended by Acts 1999, 76th Leg., ch. 291, Sec. 1, eff. May 29, 1999;~~

26 ~~Acts 2001, 77th Leg., ch. 840, Sec. 1, eff. June 14, 2001; Acts~~

27 ~~2003, 78th Leg., ch. 1285, Sec. 1, 2.~~

1 Amended by:

2 ~~Acts 2007, 80th Leg., R.S., Ch. , Sec. 1, eff. April 5, 2007.~~

3 ~~Acts 2009, 81st Leg., R.S., Ch. , Sec. 6, eff. September 1,~~
4 ~~2009.~~

5 ~~Acts 2009, 81st Leg., R.S., Ch. , Sec. 3, eff. January 1,~~
6 ~~2010.~~

7 ~~Acts 2011, 82nd Leg., R.S., Ch. , Sec. 1, eff. September 1,~~
8 ~~2011.~~

9 ~~Sec. 321.3025.~~ 321.3025. DISPOSITION OF AMOUNT ERRONEOUSLY
10 COLLECTED. (a) If in a territory added to a municipality a
11 ~~retailer~~ taxpayer erroneously collects an amount as a tax imposed
12 under this chapter before the date the taxes imposed under this
13 chapter by the municipality take effect in the added territory
14 under Section 321.102, the amount collected is treated as if it were
15 revenue from the taxes imposed by the municipality under this
16 chapter, and the comptroller shall collect and administer the
17 amount in the same manner as tax revenue.

18 (b) This section does not affect the right of a person who
19 paid an amount erroneously collected by a ~~retailer~~ taxpayer to
20 claim a refund or the authority of the comptroller to make a refund
21 of that amount.

22 ~~Added by Acts 1989, 71st Leg., ch. 291, Sec. 1, eff. June 14, 1989.~~

23 ~~Sec. 321.303. SALES TAX PERMITS AND EXEMPTION AND RESALE~~
24 ~~CERTIFICATES. (a) Each place of business of a retailer must have a~~
25 ~~permit issued by the comptroller under Subchapter F, Chapter 151.~~

26 ~~(b) The same sales tax permit, exemption certificate, and~~
27 ~~resale certificate required by Chapter 151 for the administration~~

1 ~~and collection of the taxes imposed by that chapter satisfy the~~
2 ~~requirements of this chapter. No additional permit or exemption or~~
3 ~~resale certificate may be required except that the comptroller may~~
4 ~~prescribe a separate exemption certificate form for the transition~~
5 ~~exemption for prior contracts and bids under Section 321.209.~~

6 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

7 ~~Sec. 321.304.~~ 321.304. DISCOUNTS FOR PREPAYMENT AND TAX
8 COLLECTION. All discounts allowed a ~~retailer~~ taxpayer under
9 Chapter ~~151~~ 220 for the collection and prepayment of the taxes under
10 that chapter are allowed and applicable to the taxes collected
11 under this chapter.

12 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

13 ~~Sec. 321.305.~~ 321.305. PENALTIES. The penalties provided
14 by Chapter ~~151~~ 220 for violations of that chapter apply to
15 violations of this chapter.

16 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

17 ~~Sec. 321.306.~~

18 Sec. 321.306. COMPTROLLER'S RULES. The comptroller may
19 adopt reasonable rules and prescribe forms that are consistent with
20 this chapter for the administration, collection, reporting, and
21 enforcement of this chapter.

22 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

23 ~~Sec. 321.307.~~

24 Sec. 321.307. DELINQUENT TAXES: LIMITATIONS. The
25 limitations for the bringing of a suit for the collection of a tax
26 imposed or a penalty due under this chapter after the tax and
27 penalty are delinquent or after a determination against the

1 taxpayer are the same as limitations provided by Chapter ~~151~~ 220.

2 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

3 ~~Sec. 321.308.~~

4 Sec. 321.308. SEIZURE AND SALE OF PROPERTY. If the
5 comptroller lawfully seizes property for the payment of the taxes
6 imposed under Chapter ~~151~~ 220 and the property owner is delinquent
7 in the payment of taxes under this chapter, the comptroller shall
8 sell sufficient property to pay the delinquent taxes and penalties
9 of both taxes. The proceeds of a sale of seized property shall
10 first be applied to the payment of amounts due the state and the
11 remainder, if any, to the amounts due to the municipality to which
12 the taxes are due.

13 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

14 ~~Sec. 321.309.~~

15 Sec. 321.309. SUIT FOR TAX COLLECTION. (a) A municipality
16 acting through its attorney may join as a plaintiff in any suit
17 brought by the attorney general to seek a judgment for delinquent
18 taxes and penalties due to the municipality under this chapter.

19 (b) A municipality may bring suit for the collection of
20 taxes owed to the municipality under this chapter if:

21 (1) the taxes are certified by the comptroller in the
22 notice required by Section 321.302(d);

23 (2) a written notice of the tax delinquency and the
24 municipality's intention to bring suit is given by certified mail
25 to the taxpayer, the attorney general, and the comptroller at least
26 60 days before the suit is filed; and

27 (3) neither the comptroller nor the attorney general

1 disapproves of the suit.

2 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

3 ~~Sec. 321.310.~~

4 Sec. 321.310. DISAPPROVAL OF MUNICIPAL SUIT. (a) The
5 comptroller or the attorney general may disapprove of the
6 institution of a suit by a municipality under Section 321.309(b)
7 if:

8 (1) negotiations between the state and the taxpayer
9 are being conducted for the purpose of the collection of delinquent
10 taxes owed to the state and the municipality seeking to bring suit;

11 (2) the taxpayer owes substantial taxes to the state
12 and there is a reasonable possibility that the taxpayer may be
13 unable to pay the total amount owed;

14 (3) the state will bring suit against the taxpayer for
15 all taxes due under Chapter ~~151~~ 220 and this chapter; or

16 (4) the suit involves a critical legal question
17 relating to the interpretation of state law or a provision of the
18 Texas or United States constitution in which the state has an
19 overriding interest.

20 (b) A notice of disapproval to a municipality must be in
21 writing and give the reason for the determination by the
22 comptroller or attorney general.

23 (c) A disapproval is final and not subject to review.

24 (d) Not earlier than one year after the date of a
25 disapproval of the institution of a municipal collection suit, the
26 municipality may again proceed as provided by Section 321.309(b)
27 even though the liability of the taxpayer includes taxes for which

1 the municipality has previously given notice and the comptroller or
2 attorney general has disapproved of the suit.

3 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

4 ~~Sec. 321.311.~~

5 Sec. 321.311. JUDGMENTS IN MUNICIPAL SUIT. (a) A judgment
6 in a suit under Section 321.309(b) for or against a taxpayer does
7 not affect a claim against the taxpayer by another municipality or
8 the state unless the state is party to the suit.

9 (b) A municipality shall abstract a copy of each final
10 judgment for taxes imposed under this chapter in a case in which the
11 state is not a party and shall send to the comptroller a copy of the
12 judgment and the abstract.

13 (c) A municipality shall by execution collect the taxes
14 awarded to it in each judgment received by the municipality and is
15 responsible for the renewal of the judgment before its expiration.

16 (d) The municipality shall notify the comptroller by
17 certified mail of the amount of any taxes collected on the judgment.

18 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

19 ~~Sec. 321.312.~~ 321.312. RETENTION OF CERTAIN MUNICIPAL ~~SALES~~
20 VALUE ADDED TAXES. A municipality that holds a ~~sales and use value~~
21 added tax permit issued by the comptroller and that imposes a ~~sales~~
22 and use value added tax may retain the portion of the tax that the
23 municipality collects and that constitutes the municipality's own
24 tax. The municipality shall remit to the comptroller all other
25 applicable local ~~sales and use value added~~ taxes and the state ~~sales~~
26 and use value added tax.

27 ~~Added by Acts 2001, 77th Leg., ch. 1263, Sec. 75, eff. Oct. 1, 2001.~~

SUBCHAPTER E. TAX ELECTION PROCEDURES

1 Sec. 321.401. CALLING OF ELECTION. (a) An election under
2 this chapter is called by the adoption of an ordinance by the
3 governing body of a municipality.
4

5 (b) The governing body may call the election by a vote of a
6 majority of its members.

7 (c) The governing body shall call the election if a number
8 of qualified voters of the municipality equal to at least 20 percent
9 of the number of votes cast in the most recent regular municipal
10 election petitions the governing body for a vote on the question.

11 (d) The governing body of any municipality that has not
12 adopted the additional ~~sales and use~~ municipal value added tax
13 shall, on petition of qualified voters of the municipality equal in
14 number to at least five percent of the number of voters registered
15 in the municipality, provide by ordinance for the calling and
16 holding of an election on the question of adopting the additional
17 ~~sales and use~~ municipal value added tax.

18 (e) The governing body of any municipality that has adopted
19 the additional ~~sales and use~~ municipal value added tax shall, on
20 petition of qualified voters of the municipality equal in number to
21 at least five percent of the number of voters registered in the
22 municipality, provide by ordinance for the calling and holding of
23 an election on the question of increasing, reducing, or repealing
24 the additional ~~sales and use~~ municipal value added tax.

25 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

26 ~~Amended by Acts 1991, 72nd Leg., ch. 184, Sec. 6, eff. May 24, 1991.~~

27 ~~Sec. 321.402.~~

1 Sec. 321.402. DEADLINES AFTER PETITION. (a) After the
2 receipt of a petition for an election under this chapter, the
3 governing body of a municipality shall determine the sufficiency of
4 the petition within 30 days.

5 (b) If the petition is sufficient, the governing body shall
6 pass the ordinance calling the election within 60 days after
7 receiving the petition.

8 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

9 ~~Sec. 321.403.~~

10 Sec. 321.403. TIME OF ELECTION. (a) An election under this
11 chapter to adopt the tax authorized under Section 321.101(a) must
12 be held on the first succeeding uniform election date for which
13 sufficient time elapses for the holding of an election.

14 (b) An election on the approval of the additional ~~sales and~~
15 ~~use~~ municipal value added tax must be held on the next succeeding
16 uniform election date not less than 30 days after the passage of the
17 ordinance calling the election.

18 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

19 ~~Sec. 321.404.~~

20 Sec. 321.404. BALLOT WORDING. (a) In an election to adopt
21 the tax, the ballot shall be printed to provide for voting for or
22 against the applicable proposition: "A one percent ~~sales and use~~
23 value added tax is adopted within the city" or "The adoption of an
24 additional ~~sales and use~~ municipal value added tax within the city
25 at the rate of _____ of one percent to be used to reduce the
26 property tax rate" (one-eighth, one-fourth, three-eighths, or
27 one-half to be inserted as appropriate).

1 (b) In an election to repeal the tax, the ballot shall be
2 printed to provide for voting for or against the applicable
3 proposition: "The local ~~sales and use~~ value added tax within the
4 city is abolished" or "The abolition of the additional ~~sales and use~~
5 municipal value added tax within the city."

6 (c) In a municipality that does not impose a property tax,
7 the ballot at an election to adopt the additional municipal ~~sales~~
8 ~~and use~~ value added tax shall be printed to provide for voting for
9 or against the following proposition: "The adoption of an
10 additional ~~sales and use~~ municipal value added tax within the city
11 at the rate of _____ of one percent" (one-eighth, one-fourth,
12 three-eighths, or one-half to be inserted as appropriate).

13 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

14 ~~Amended by Acts 1989, 71st Leg., ch. 2, Sec. 14.14(b), eff. Aug. 28,~~

15 ~~1989; Acts 1991, 72nd Leg., ch. 184, Sec. 7, eff. May 24, 1991.~~

16 ~~Sec. 321.405.~~

17 Sec. 321.405. OFFICIAL RESULTS OF ELECTION. (a) Within 10
18 days after an election in which the voters approve of the adoption
19 or abolition of a tax authorized by this chapter, the governing body
20 of the municipality shall by resolution or ordinance entered in its
21 minutes of proceedings, declare the results of the election. A
22 resolution or ordinance under this section must include statements
23 showing:

- 24 (1) the date of the election;
- 25 (2) the proposition on which the vote was held;
- 26 (3) the total number of votes cast for and against the
27 proposition; and

1 (4) the number of votes by which the proposition was
2 approved.

3 (b) If the application of the taxes that may be imposed
4 under this chapter is changed by the results of the election, the
5 municipal secretary shall send to the comptroller by United States
6 certified or registered mail a certified copy of the resolution or
7 the ordinance along with a map of the municipality clearly showing
8 its boundaries.

9 (c) Not later than the 30th day after the date the
10 comptroller receives a certified copy of an ordinance or resolution
11 showing the adoption of the additional municipal ~~sales and use~~
12 value added tax, the comptroller shall notify the municipal
13 secretary that he is prepared for the administration of the tax.

14 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

15 ~~Sec. 321.406.~~

16 Sec. 321.406. FREQUENCY OF ELECTION. An election under
17 this chapter in a municipality may not be held earlier than one year
18 after the date of any previous election under this chapter in the
19 municipality.

20 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

21 ~~Sec. 321.407.~~

22 Sec. 321.407. ELECTION CONTEST: NOTICE. (a) If an
23 election held under this chapter is contested, the contestant shall
24 send to the comptroller by United States certified or registered
25 mail within 10 days after the filing of the contest a notice of
26 contest containing the style of the suit, the date it was filed, its
27 case number, and the name of the court in which the contest is

1 pending.

2 (b) A court may not hear an election contest of an election
3 held under this chapter unless the comptroller is notified within
4 the time and in the manner provided by this section.

5 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

6 ~~Sec. 321.408.~~

7 Sec. 321.408. ELECTION CONTEST: DELAYED EFFECTIVE DATE.

8 (a) When the comptroller receives a notice of contest of an
9 election under this chapter, the effective date of the tax or the
10 abolition of a tax is suspended.

11 (b) When a final judgment is entered in the election
12 contest, the municipal secretary shall notify the comptroller by
13 United States certified or registered mail and enclose a certified
14 copy of the final judgment.

15 (c) If the final judgment in the election contest results in
16 a change in the tax status of the municipality under this chapter,
17 the tax or the abolition of the tax takes effect as provided by
18 Section 321.102 except that the notice of the final judgment is
19 substituted for the notice of election results prescribed by
20 Section 321.405.

21 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

22 ~~Sec. 321.409.~~ 321.409. COMBINED MUNICIPAL ~~SALES~~ VALUE ADDED

23 TAX BALLOT PROPOSITIONS. (a) Notwithstanding any provisions of
24 this code or other state law, a municipality may by a combined
25 ballot proposition lower or repeal any dedicated or special purpose
26 municipal ~~sales~~ value added tax, including the additional ~~sales~~
27 value added tax for property tax relief, and by the same proposition

1 raise or adopt any other dedicated or special purpose municipal
2 ~~sales~~ value added tax, including the additional ~~sales~~ value added
3 tax for property tax relief.

4 (b) A combined ~~sales~~ value added tax proposition under this
5 section shall contain substantially the same language, if any,
6 required by law for the lowering, repealing, raising, or adopting
7 of each tax as appropriate.

8 (c) A negative vote on a combined ~~sales~~ value added tax
9 proposition under this section shall have no effect on either the
10 ~~sales~~ value added tax to be lowered or repealed by the proposition
11 or the ~~sales~~ value added tax to be raised or adopted by the
12 proposition.

13 (d) This section does not apply to ~~sales~~ value added tax
14 elections called by any method other than by the governing body.

15 (e) This section shall not be construed to change the
16 substantive law of any ~~sales~~ value added tax, including the allowed
17 maximum rate or combined rate of local ~~sales~~ value added taxes.

18 ~~Added by Acts 2005, 79th Leg., Ch. , Sec. 1, eff. September 1, 2005.~~

19 SUBCHAPTER F. REVENUE DEPOSIT, DISTRIBUTION, AND USE

20 Sec. 321.501. TRUST ACCOUNT. (a) The comptroller shall
21 deposit the taxes collected by the comptroller under this chapter
22 in trust in the separate suspense account of the municipality from
23 which the taxes were collected.

24 (b) Repealed by Acts 2003, 78th Leg., ch. 285, Sec. 31(44).

25 (c) Repealed by Acts 2003, 78th Leg., ch. 285, Sec. 31(44).

26 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

27 ~~Amended by Acts 1997, 75th Leg., ch. 1423, Sec. 19.123, eff. Sept.~~

1 ~~1, 1997; Acts 2003, 78th Leg., ch. 285, Sec. 31(44), eff. Sept. 1,~~
2 ~~2003.~~

3 ~~Sec. 321.502.~~

4 Sec. 321.502. DISTRIBUTION OF TRUST FUNDS. At least twice
5 during each state fiscal year and at other times as often as
6 feasible, the comptroller shall send to the municipal treasurer or
7 to the person who performs the office of the municipal treasurer
8 payable to the municipality the municipality's share of the taxes
9 collected by the comptroller under this chapter.

10 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

11 ~~Sec. 321.503.~~

12 Sec. 321.503. STATE'S SHARE. Before sending any money to a
13 municipality under this subchapter the comptroller shall deduct two
14 percent of the amount of the taxes collected within the
15 municipality during the period for which a distribution is made as
16 the state's charge for its services under this chapter and shall,
17 subject to premiums payments under Section 321.501(c), credit the
18 money deducted to the general revenue fund.

19 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

20 ~~Sec. 321.504.~~

21 Sec. 321.504. AMOUNTS RETAINED IN TRUST ACCOUNT. (a) The
22 comptroller may retain in the suspense account of a municipality a
23 portion of the municipality's share of the tax collected for the
24 municipality under this chapter, not to exceed five percent of the
25 amount remitted to the municipality. If the municipality has
26 abolished the tax, the amount that may be retained may not exceed
27 five percent of the final remittance to the municipality at the time

1 of the termination of the collection of the tax.

2 (b) From the amounts retained in a municipality's suspense
3 account, the comptroller may make refunds for overpayments to the
4 account and to redeem dishonored checks and drafts deposited to the
5 credit of the account.

6 (c) Before the expiration of one year after the effective
7 date of the abolition of a municipality's tax under this chapter the
8 comptroller shall send to the municipality the remainder of the
9 money in the municipality's account and shall close the account.

10 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

11 ~~Sec. 321.505.~~

12 Sec. 321.505. INTEREST ON TRUST ACCOUNT. Interest earned
13 on all deposits made with the comptroller under Section 321.501,
14 including interest earned from retained suspense accounts, shall be
15 credited to the general revenue fund.

16 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

17 ~~Amended by Acts 1997, 75th Leg., ch. 1423, Sec. 19.124, eff. Sept.~~
18 ~~1, 1997.~~

19 ~~Sec. 321.506.~~

20 Sec. 321.506. USE OF TAX REVENUE BY MUNICIPALITY. Except as
21 provided by Section 321.507, the money received by a municipality
22 under this chapter is for the use and benefit of the municipality
23 and may be used for any purpose for which the general funds of the
24 municipality may be used, ~~except that a municipality may not pledge~~
25 ~~the revenue received under this chapter to the payment of bonds or~~
26 ~~other indebtedness.~~

27 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

1 ~~Sec. 321.507.~~ 321.507. USE OF ADDITIONAL MUNICIPAL ~~SALES~~
2 ~~AND USE~~ VALUE ADDED TAX. (a) In each year in which a municipality
3 imposes an additional municipal ~~sales and use~~ value added tax, if
4 the revenue from the collection of the additional tax exceeds the
5 amount of taxes computed for the municipality under Section
6 26.04(c), except for the amount required to be deposited in a
7 special account under Subsection (b), the excess shall be deposited
8 in an account to be called the municipal ~~sales~~ value added tax debt
9 service fund. Revenue deposited in the municipal ~~sales~~ value added
10 tax debt service fund may be spent only for the reduction of lawful
11 debts of the municipality, except that deposits that exceed the
12 amount of revenue needed to pay the debt service needs of the
13 municipality in the current year may be used for any municipal
14 purpose consistent with the municipal budget.

15 (b) Revenue from the collection of the additional municipal
16 ~~sales and use~~ value added tax in each of the first three years in
17 which the tax is imposed in the municipality in excess of the amount
18 determined as provided by Section 26.041(d), for each year shall be
19 deposited in an account to be called the excess ~~sales~~ value added
20 tax revenue fund. During those three years, revenue deposited in
21 the excess ~~sales~~ value added tax revenue fund may be spent only if
22 and to the extent that taxes or other revenues of the municipality
23 are collected in amounts less than anticipated. After that period,
24 the revenue in the fund may be used for any municipal purpose
25 consistent with the municipality's budget. The fund ceases to
26 exist when all revenue deposited in the fund has been spent. This
27 subsection does not apply to a municipality that does not impose a

1 property tax.

2 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

3 ~~Amended by Acts 1989, 71st Leg., ch. 2, Sec. 14.16(a), eff. Aug. 28,~~

4 ~~1989.~~

5 ~~Sec. 321.508.~~

6 Sec. 321.508. PLEDGE OF TAX REVENUE. (a) A municipality
7 may call and hold an election on the issue of authorizing the
8 municipality to pledge a percentage of the ~~sales and use~~ value added
9 tax revenue received under Section 321.101(a) or (b), or both, to
10 the payment of obligations issued to pay all or part of the costs of
11 one or more ~~sports~~ needed infrastructure, development and community
12 ~~venue~~ other capital projects located ~~in~~ within or otherwise
13 supporting the municipality.

14 (b) The ballot at the election under this section must be
15 printed to permit voting for or against the proposition:
16 "Authorizing the City of _____ (insert name of municipality) to
17 pledge not more than _____ percent (insert percentage not to
18 exceed 25 percent) of the revenue received from the municipal ~~the~~
19 ~~_____ (insert municipal sales and use value added tax,~~
20 ~~additional municipal sales and use tax, or both)~~ previously adopted
21 in the city to the payment of obligations issued to pay all or part
22 of the costs of _____ (insert description of each sports and
23 community venue project)."

24 (c) If a majority of the voters vote in favor of the
25 proposition, the municipality may:

26 (1) issue bonds, notes, or other obligations that are
27 payable from the pledged revenues to pay for all or part of the

1 costs of the sports and community venue project or projects
2 described in the proposition; and

3 (2) set aside the portion of the revenue approved at
4 the election that the municipality actually receives and pledge
5 that revenue as security for the payment of the bonds, notes, or
6 other obligations.

7 (d) If the municipality pledges revenue under Subsection
8 (c), the pledge and security interest shall continue while the
9 bonds, notes, or obligations, including refunding obligations, are
10 outstanding and unpaid.

11 (e) The municipality may direct the comptroller to deposit
12 the pledged revenue to a trust or account as may be required to
13 obtain the financing and to protect the related security interest.

14 (f) Sections 321.506 and 321.507 do not apply to taxes
15 pledged under this section.

16 (g) In this section, "sports and community venue project"
17 has the meaning assigned by Section 334.001, Local Government Code.
18 ~~Added by Acts 1997, 75th Leg., ch. 551, Sec. 4, eff. Sept. 1, 1997.~~

19 ~~Sec. 321.509.~~

20 Sec. 321.509. TAX POWERS OF MUNICIPALITY NOT LIMITED. This
21 chapter does not abolish or limit the tax powers of a municipality.
22 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

23 ~~Sec. 321.510.~~ 321.510. REALLOCATION OF MUNICIPAL OR LOCAL
24 GOVERNMENTAL ENTITY TAX REVENUE. (a) In this section, "local
25 governmental entity" includes any governmental entity created by
26 the legislature that has a limited purpose or function, that has a
27 defined or restricted geographic territory, and that is authorized

1 by law to impose a local ~~sales and use~~ value added tax the
2 imposition, computation, administration, enforcement, and
3 collection of which is governed by this chapter.

4 (b) This section applies only if:

5 (1) the comptroller:

6 (A) reallocates local tax revenue from a
7 municipality or local governmental entity to another municipality
8 or local governmental entity; or

9 (B) refunds local tax revenue that was previously
10 allocated to a municipality or local governmental entity; and

11 (2) the amount the comptroller reallocates or refunds
12 is at least equal to the lesser of:

13 (A) \$200,000;

14 (B) an amount equal to 10 percent of the revenue
15 received by the municipality or local governmental entity under
16 this chapter during the calendar year preceding the calendar year
17 in which the reallocation or refund is made; or

18 (C) an amount that increases or decreases the
19 amount of revenue the municipality or local governmental entity
20 receives under this chapter during a calendar month by more than 15
21 percent as compared to revenue received by the municipality or
22 local governmental entity during the same month in any previous
23 year.

24 (c) Subject to the criteria provided by this section, a
25 municipality or local governmental entity may request a review of
26 all available ~~sales~~ value added tax returns and reports in the
27 comptroller's possession filed by not more than five individual

1 taxpayers doing business in the municipality or local governmental
2 entity that are included and identified by the municipality or
3 local governmental entity from the information received from the
4 comptroller under Section 321.3022 and that relate to a
5 reallocation or refund in an amount described by Subsection (b).

6 (d) The comptroller shall provide the returns and reports
7 requested under Subsection (c) for review regardless of whether the
8 information in the returns or reports is confidential under state
9 law, ~~including Sections 111.006 and 151.027.~~

10 (e) The provision of confidential information to a
11 municipality or local governmental entity under this section does
12 not affect the confidential nature of the information in the
13 returns or reports. A municipality or local governmental entity
14 shall use the information only in a manner that maintains the
15 confidential nature of the information and may not disclose or
16 release the information to the public.

17 (f) A municipality or local governmental entity must submit
18 the request under Subsection (c) not later than the 90th day after
19 the date the municipality or local governmental entity discovers a
20 reallocation or refund described by Subsection (b).

21 (g) Not earlier than the 30th day or later than the 90th day
22 after the date the comptroller receives a request under Subsection
23 (c), the comptroller shall provide the requested returns and
24 reports to the requesting municipality or local governmental entity
25 for review.

26 (h) The comptroller may set and collect from a municipality
27 or local governmental entity a reasonable fee to cover the expense

1 of compiling and providing information under this section.

2 ~~Added by Acts 2011, 82nd Leg., R.S., Ch. , Sec. 2, eff. September 1,~~
3 ~~2011.~~

4 TAX CODE

5 TITLE 3. LOCAL TAXATION

6 SUBTITLE C. LOCAL ~~SALES AND USE~~ VALUE ADDED TAXES

7 CHAPTER 322. ~~SALES AND USE~~ VALUE ADDED TAXES FOR SPECIAL PURPOSE

8 TAXING AUTHORITIES

9 SUBCHAPTER A. GENERAL PROVISIONS

10 Sec. 322.001. APPLICATION OF CHAPTER. (a) This chapter
11 applies to the imposition, assessment, collection, administration,
12 and enforcement of a ~~sales and use~~ value added tax imposed under
13 Chapter 451, 452, 453, or 460, Transportation Code.

14 (b) The effective dates and rates of the taxes imposed by a
15 taxing entity are determined under the laws authorizing the
16 adoption of the taxes.

17 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

18 ~~Amended by Acts 1997, 75th Leg., ch. 165, Sec. 30.266, eff. Sept. 1,~~

19 ~~1997; Acts 2003, 78th Leg., ch. 209, Sec. 56, eff. Oct. 1, 2003.~~

20 Sec. 322.002. DEFINITIONS. In this chapter:

21 (1) "Taxing entity" means a rapid transit authority, a
22 regional transit authority, including a subregional transportation
23 authority, or a municipal mass transit department created under
24 Chapter 451, 452, or 453, Transportation Code, or a coordinated
25 county transportation authority created under Chapter 460,
26 Transportation Code, that has adopted a ~~sales and use~~ value added
27 tax under the law authorizing the creation of the entity.

1 (2) "Entity area" means the geographical limits of a
2 taxing entity.

3 (3) "Municipal ~~sales and use~~ value added tax" means a
4 ~~sales and use~~ value added tax imposed by a municipality under the
5 Municipal ~~Sales and Use~~ Value added Tax Act (Chapter 321) within an
6 entity area.

7 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

8 ~~Amended by Acts 1997, 75th Leg., ch. 165, Sec. 30.267, eff. Sept. 1,~~

9 ~~1997; Acts 2003, 78th Leg., ch. 209, Sec. 57, eff. Oct. 1, 2003.~~

10 SUBCHAPTER B. ASSESSMENT AND COMPUTATION OF TAXES

11 Sec. 322.101. ~~SALES~~ VALUE ADDED TAX. ~~There~~ A value added
12 tax is imposed on the supply in a taxing entity of any service or
13 property by any person in the ordinary course of a sales tax at the
14 trade or business in which the person engages for the purpose of
15 profit. The rate of value added tax imposed is authorized and set as
16 provided by the law authorizing the creation of the taxing entity
17 and applied to the taxable receipts from the ~~sale~~ all supplies
18 within the entity area of ~~all taxable items~~ services and property
19 that are subject to the ~~sales~~ value added tax under Chapter ~~151~~ 220.

20 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

21 ~~Sec. 322.102. USE TAX. In a taxing entity, there is imposed~~
22 ~~an excise tax on the use, storage, and other consumption within the~~
23 ~~entity area of taxable items purchased, leased, or rented from a~~
24 ~~retailer during the period that the sales tax is effective within~~
25 ~~the entity area. The rate of the excise tax is the same rate as the~~
26 ~~rate of the sales tax imposed by the taxing entity and is applied to~~
27 ~~the sales price of the taxable item.~~

1 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

2 Sec. 322.103. COMPUTATION OF ~~SALES~~ VALUE ADDED TAXES. (a)
3 Each ~~retailer~~ taxpayer in an entity area shall add the ~~sales value~~
4 added tax imposed under this chapter, the ~~sales value added~~ taxes
5 imposed under Chapter ~~151~~ 220, and, if applicable, any ~~sales value~~
6 added taxes imposed under Chapter 321 or 323 to the ~~sales supply~~
7 price, and the sum of the taxes ~~is~~ shall be a part of the price, a
8 debt of the ~~purchaser~~ customer to the ~~retailer~~ taxpayer until paid,
9 and recoverable at law in the same manner as the ~~purchase~~ supply
10 price.

11 (b) The amount of the total tax is computed by multiplying
12 the combined applicable tax rates by the amount of the ~~sales price.~~
13 taxable receipts received in consideration for supplying the
14 services or property. If the product results in a fraction of a
15 cent less than one-half of one cent, the fraction of a cent is not
16 collected. If the fraction is one-half of one cent or more, the
17 fraction shall be collected as one cent.

18 ~~(c) The exclusion provided by Section 151.411 applies to a~~
19 ~~retailer under this chapter 50 percent of whose receipts from the~~
20 ~~sales of taxable items comes from individual transactions in which~~
21 ~~the sales price is an amount on which no tax is produced from the~~
22 ~~combined applicable tax rates.~~

23 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

24 Sec. 322.104. COMPUTATION OF ~~USE~~ TAX. (a) In each taxing
25 entity the tax imposed by ~~Subchapter D,~~ Chapter ~~151~~ 220, the tax
26 imposed under Section 321.104(a), if applicable, and the tax
27 imposed under Section 322.102 are added together to form a single

1 combined tax rate, ~~except in a situation described by Section~~
2 ~~322.105(b).~~

3 (b) The formula prescribed by Section 322.103(b) applies to
4 the computation of the amount of the tax under this section.

5 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

6 ~~Sec. 322.105. USE TAX: WHERE USE OCCURS. (a) In~~
7 ~~determining the incidence of the use tax of a taxing entity, the~~
8 ~~name of the taxing entity is substituted in Subchapter D, Chapter~~
9 ~~151, for "this state" where those words are used to designate the~~
10 ~~taxing entity or delimit the tax imposed. However, the excise tax~~
11 ~~of a taxing entity on the use, storage, or other consumption of a~~
12 ~~taxable item does not apply if the item is first used, stored, or~~
13 ~~consumed in an area other than an entity area.~~

14 ~~(b) If a sale of a taxable item is consummated within this~~
15 ~~state but not within an entity area and the item is shipped directly~~
16 ~~or brought by the purchaser or lessee directly into an entity area,~~
17 ~~the item is subject to the entity's use tax. The use is considered~~
18 ~~to be consummated at the location where the item is first used,~~
19 ~~stored, or consumed after the intrastate transit has ceased.~~

20 ~~(c) If a taxable item is shipped from outside this state to a~~
21 ~~customer within this state, the item is subject to the use tax of~~
22 ~~the taxing entity and not its sales tax. A use is considered to be~~
23 ~~consummated at the first point in this state where the item is~~
24 ~~stored, used, or consumed after the interstate transit has ceased.~~
25 ~~A taxable item delivered to a point in this state is presumed to be~~
26 ~~for storage, use, or consumption at that point until the contrary is~~
27 ~~established.~~

1 ~~(d) Repealed by Acts 2007, 80th Leg., R.S., Ch. 823, Sec.~~
2 ~~1(1), eff. September 1, 2007.~~

3 ~~(e) With respect to a taxable service, "use" means the~~
4 ~~derivation in the taxing entity of direct or indirect benefit from~~
5 ~~the service.~~

6 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

7 ~~Amended by Acts 1989, 71st Leg., ch. 2, Sec. 14.21(a), eff. Aug. 28,~~
8 ~~1989; Acts 1991, 72nd Leg., ch. 705, Sec. 29, eff. Sept. 1, 1991.~~

9 ~~Amended by:~~

10 ~~Acts 2007, 80th Leg., R.S., Ch. , Sec. 1(1), eff. September 1,~~
11 ~~2007.~~

12 Sec. 322.105. REPEALED

13 Sec. 322.106. TAX INAPPLICABLE WHEN NO STATE TAX,
14 EXCEPTIONS. (a). ~~The sales value added tax of a taxing entity does~~
15 ~~not apply to the sale supply of a taxable item services or property~~
16 ~~unless the sales value added tax imposed under Subchapter C,~~
17 ~~Chapter 151, 220 also applies to the sale.~~

18 ~~(b) The excise tax of a taxing entity on the use, storage, or~~
19 ~~consumption of a taxable item does not apply to the use, storage, or~~
20 ~~consumption of an item unless the tax imposed by Subchapter D,~~
21 ~~Chapter 151, also applies to the use, storage, or consumption of the~~
22 ~~item.~~

23 ~~(c) Subsection (b) does not apply to the application of the~~
24 ~~tax in a situation described by Section 322.105(b).~~

25 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

26 ~~Amended by Acts 1991, 72nd Leg., ch. 705, Sec. 30, eff. Sept. 1,~~
27 ~~1991.~~

1 Sec. 322.108. CERTAIN PROVISIONS OF MUNICIPAL ~~SALES AND USE~~
2 VALUE ADDED TAX APPLICABLE. (a) Except as provided by Subsection
3 (b), the following apply to the taxes imposed by this chapter in the
4 same manner as applicable to a municipality under Chapter 321:

5 (1) Section 321.002(a)(3);

6 (2) Section 321.003;

7 (3) Section 321.203;

8 (4) Section 321.205(d);

9 (5) Section 321.208;

10 (6) Section 321.209;

11 (7) Section 321.303;

12 (8) Section 321.304;

13 (9) Section 321.305; and

14 (10) Section 321.510.

15 (b) The provisions of this chapter applicable to a taxing
16 entity created under Chapter 453, Transportation Code, prevail over
17 any inconsistent provision in a statute listed in Subsection (a).

18 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

19 ~~Amended by Acts 1989, 71st Leg., ch. 2, Sec. 14.20(a), eff. Aug. 28,~~

20 ~~1989, Acts 1997, 75th Leg., ch. 165, Sec. 30.268, eff. Sept. 1,~~

21 ~~1997.~~

22 ~~Amended by:~~

23 ~~Acts 2011, 82nd Leg., R.S., Ch. , Sec. 3, eff. September 1,~~

24 ~~2011.~~

25 ~~Sec. 322.109. TELECOMMUNICATIONS EXEMPTION. (a) There are~~
26 ~~exempted from the taxes imposed by a taxing entity under this~~
27 ~~chapter the sales within the entity area of telecommunications~~

1 ~~services unless the application of the exemption is repealed under~~
2 ~~this section. A taxing entity may not repeal the application of~~
3 ~~this exemption as it applies to interstate long-distance~~
4 ~~telecommunications services, but if a taxing entity has repealed~~
5 ~~the exemption before the effective date of Part 4, Article 1, H.B.~~
6 ~~No. 61, Acts of the 70th Legislature, 2nd Called Session, 1987,~~
7 ~~interstate long-distance telecommunications services in that~~
8 ~~taxing entity are not subject to taxes imposed under this chapter.~~

9 ~~(b) Except as provided by Subsection (d), the board of a~~
10 ~~taxing entity may, by a majority vote of the board in the manner~~
11 ~~required for the adoption of other orders, repeal the application~~
12 ~~of the exemption provided by Subsection (a) for telecommunications~~
13 ~~services sold within the city.~~

14 ~~(c) A taxing entity board that has repealed the application~~
15 ~~of the exemption may in the same manner reinstate the exemption.~~

16 ~~(d) The governing board of a taxing entity created under~~
17 ~~Chapter 451, Transportation Code, may not repeal the application of~~
18 ~~the exemption provided by Subsection (a) unless the repeal is first~~
19 ~~approved by a majority of the members of the governing body of each~~
20 ~~municipality that created the taxing entity. A reinstatement of~~
21 ~~the exemption must be approved in the same manner.~~

22 ~~(e) A vote of a taxing entity board repealing the~~
23 ~~application of or reinstating the exemption must be entered in the~~
24 ~~minutes of the entity. The entity board chairman or secretary shall~~
25 ~~send to the comptroller by United States certified or registered~~
26 ~~mail a copy of each order adopted under this section. The repeal of~~
27 ~~the application of the exemption or a reinstated exemption takes~~

1 ~~effect within the entity on the first day of the first calendar~~
2 ~~quarter after the expiration of the first complete calendar quarter~~
3 ~~after the date on which the comptroller receives a copy of the~~
4 ~~order.~~

5 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

6 ~~Amended by Acts 1987, 70th Leg., 2nd C.S., ch. 5, art. 1, pt. 4, Sec.~~
7 ~~34, Acts 1999, 76th Leg., ch. 1008, Sec. 1, eff. June 18, 1999.~~

8 Sec. 322.110. TRANSITION EXEMPTION IN CERTAIN TAXING
9 ENTITIES. (a) The taxable receipts from the ~~sale, use, or rental~~
10 supply of services and ~~the storage, use, or consumption of taxable~~
11 ~~items~~/or property in this state are exempt from the tax imposed
12 under this chapter by a taxing entity created under Chapter 453,
13 Transportation Code, if the ~~items are~~ services and/or property are
14 used:

15 (1) for the performance of a written contract entered
16 into before the date the tax takes effect in the taxing entity, if
17 the contract is not subject to change or modification by reason of
18 the tax; or

19 (2) pursuant to an obligation of a bid or bids
20 submitted before the date the tax takes effect in the taxing entity,
21 if the bid or bids may not be withdrawn, modified, or changed by
22 reason of the tax.

23 (b) The exemptions provided by this section have no effect
24 after three years from the date the tax takes effect in the taxing
25 entity.

26 ~~Added by Acts 1989, 71st Leg., ch. 2, Sec. 14.19(a), eff. Aug. 28,~~
27 ~~1989. Amended by Acts 1997, 75th Leg., ch. 165, Sec. 30.269, eff.~~

1 ~~Sept. 1, 1997.~~

2 SUBCHAPTER C. ADMINISTRATION OF TAXES

3 Sec. 322.201. COMPTROLLER TO COLLECT AND ADMINISTER TAXES.

4 (a) The comptroller shall administer, collect, and enforce the
5 ~~sales and use~~ value added tax of a taxing entity.

6 (b) The ~~sales and use~~ value added taxes imposed under this
7 chapter, the taxes imposed under Chapters 321 and 323, and the taxes
8 imposed under Chapter ~~151~~ 220 shall be collected together to the
9 extent that each is imposed in an entity area.

10 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

11 Sec. 322.202. COMPTROLLER'S REPORTING DUTIES. (a) The
12 comptroller shall report to a taxing entity on the entity's ~~sales~~
13 ~~and use~~ value added taxes by making substantially the same reports
14 that are required to be made by the comptroller to a municipality
15 under Sections 321.302(a), (b), and (c).

16 (b) The comptroller shall send to a taxing entity by United
17 States certified or registered mail a notice of each person who is
18 delinquent in the payment of the entity's ~~sales and use~~ value added
19 taxes and shall send to the attorney general a copy of the notice. A
20 notice sent under this subsection is a certification of the amount
21 of tax owed and is prima facie evidence of a determination of that
22 amount and of its delinquency.

23 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

24 Sec. 322.2022. TAX INFORMATION. (a) Except as otherwise
25 provided by this section, the comptroller on request shall provide
26 to a taxing entity:

27 (1) information relating to the amount of tax paid to

1 the entity under this chapter during the preceding or current
2 calendar year by each person doing business in the area included in
3 the entity who annually remits to the comptroller state and local
4 ~~sales~~ value added tax payments of more than \$5,000; and

5 (2) any other information as provided by this section.

6 (b) The comptroller on request shall provide to a taxing
7 entity information relating to the amount of tax paid to the entity
8 under this chapter during the preceding or current calendar year by
9 each person doing business in an area included in the entity, as
10 defined by the entity, that is part of:

11 (1) an interlocal agreement;

12 (2) a revenue sharing agreement;

13 (3) any other agreement similar to those listed in
14 Subdivisions (1) and (2); or

15 (4) any area defined by the entity for the purpose of
16 economic forecasting.

17 (c) The comptroller shall provide the information under
18 Subsection (b) as an aggregate total for all persons doing business
19 in the defined area without disclosing individual tax payments.

20 (d) If the request for information under Subsection (b)
21 involves not more than three persons doing business in the defined
22 area who remit taxes under this chapter, the comptroller shall
23 refuse to provide the information to the taxing entity unless the
24 comptroller receives permission from each of the persons allowing
25 the comptroller to provide the information to the entity as
26 requested.

27 (e) A separate request for information under this section

1 must be made in writing by the governing body of the taxing entity
2 each year.

3 (f) Information received by a taxing entity under this
4 section is confidential, is not open to public inspection, and may
5 be used only for the purpose of economic forecasting, for internal
6 auditing of a tax paid to the entity under this chapter, or for the
7 purpose described by Subsection (g).

8 (g) Information received by a taxing entity under
9 Subsection (b) may be used by the entity to assist in determining
10 revenue sharing under a revenue sharing agreement or other similar
11 agreement.

12 (h) The comptroller may set and collect from a taxing entity
13 reasonable fees to cover the expense of compiling and providing
14 information under this section.

15 (i) Notwithstanding Chapter 551, Government Code, the
16 governing body of a taxing entity is not required to confer with one
17 or more employees or a third party in an open meeting to receive
18 information or question the employees or third party regarding the
19 information received by the entity under this section.

20 ~~Added by Acts 2009, 81st Leg., R.S., Ch. , Sec. 7, eff. September 1,~~
21 ~~2009.~~

22 ~~Amended by:~~

23 ~~Acts 2011, 82nd Leg., R.S., Ch. , Sec. 2, eff. September 1,~~
24 ~~2011.~~

25 Sec. 322.203. COMPTROLLER'S RULES. The comptroller may
26 adopt reasonable rules and prescribe forms that are consistent with
27 this chapter for the administration, collection, and enforcement of

1 this chapter and for the reporting of the taxes imposed under this
2 chapter.

3 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

4 Sec. 322.204. DELINQUENT TAXES: LIMITATIONS. The
5 limitations for the bringing of a suit for the collection of a ~~sales~~
6 ~~and use~~ value added tax imposed by a taxing entity or a penalty due
7 on the tax after the tax and penalty are delinquent or after a
8 determination against a taxpayer are the same as the limitations
9 provided by Chapter ~~151~~ 220.

10 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

11 Sec. 322.205. SEIZURE AND SALE OF PROPERTY. (a) If the
12 comptroller lawfully seizes property for the payment of the taxes
13 imposed under Chapter ~~151~~ 220 and the property owner is delinquent
14 in the payment of taxes under this chapter, the comptroller shall
15 sell sufficient property to pay the delinquent taxes and penalties
16 under this chapter, Chapter ~~151~~ 220, and Chapter 321.

17 (b) The proceeds of the sale of seized property shall first
18 be applied to the payment of amounts due the state, then to the
19 payments of amounts due a municipality under Chapter 321, and the
20 remainder, if any, to the payment of amounts due to the taxing
21 entity to which the taxes are due.

22 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

23 Sec. 322.206. SUITS FOR TAX COLLECTION. (a) A taxing
24 entity acting through its attorney may join as a plaintiff in any
25 suit brought by the attorney general to seek a judgment for
26 delinquent taxes and penalties due to the taxing entity under this
27 chapter.

1 (b) A taxing entity may bring suit for the collection of
2 taxes owed to the taxing entity under this chapter if:

3 (1) the taxes are certified by the comptroller in the
4 notice required by Section 322.202(b);

5 (2) a written notice of the tax delinquency and the
6 entity's intention to bring suit is given by certified mail to the
7 taxpayer, the attorney general, and the comptroller at least 60
8 days before the suit is filed; and

9 (3) neither the comptroller nor the attorney general
10 disapproves of the suit.

11 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

12 Sec. 322.207. DISAPPROVAL OF SUIT. (a) The comptroller or
13 the attorney general may disapprove of the institution of a suit by
14 a taxing entity under Section 322.206(b) if:

15 (1) negotiations between the state and the taxpayer
16 are being conducted for the purpose of the collection of delinquent
17 taxes owed to the state and the taxing entity seeking to bring suit;

18 (2) the taxpayer owes substantial taxes to the state
19 and there is a reasonable possibility that the taxpayer may be
20 unable to pay the total amount owed;

21 (3) the state will bring suit against the taxpayer for
22 all taxes due under Chapter ~~151~~ 220 and this chapter; or

23 (4) the suit involves a critical legal question
24 relating to the interpretation of state law or a provision of the
25 Texas or United States constitution in which the state has an
26 overriding interest.

27 (b) A notice of disapproval to a taxing entity must be in

1 writing and give the reason for the determination by the
2 comptroller or attorney general.

3 (c) A disapproval is final and not subject to review.

4 (d) Not earlier than one year after the date of a
5 disapproval of the institution of a taxing entity collection suit,
6 the taxing entity may again proceed as provided by Section
7 322.206(b) even though the liability of the taxpayer includes taxes
8 for which the entity has previously given notice and the
9 comptroller or attorney general has disapproved of the suit.

10 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

11 Sec. 322.208. JUDGMENTS IN SUIT. (a) A judgment in a suit
12 under Section 322.206(b) for or against a taxpayer does not affect a
13 claim against the taxpayer by a municipality or the state unless the
14 state is party to the suit.

15 (b) A taxing entity shall abstract a copy of each final
16 judgment for taxes imposed under this chapter in a case in which the
17 state is not a party and shall send to the comptroller a copy of the
18 judgment and the abstract.

19 (c) A taxing entity shall by execution collect the taxes
20 awarded to it in each judgment received by it and is responsible for
21 the renewal of the judgment before its expiration.

22 (d) The taxing entity shall notify the comptroller by
23 certified mail of the amount of any taxes collected on the judgment.

24 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

25 SUBCHAPTER D. REVENUE DEPOSIT, DISTRIBUTION, AND USE

26 Sec. 322.301. COLLECTIONS HELD BY COMPTROLLER. The
27 comptroller shall deposit, hold, account for, and transmit ~~sales~~

1 ~~and use~~ value added taxes collected under this chapter for each
2 taxing entity in the same manner as required under Section 321.501
3 for each municipality.

4 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

5 Sec. 322.302. DISTRIBUTION OF TRUST FUNDS. At least
6 quarterly during each state fiscal year and as often as feasible,
7 the comptroller shall send to the person at each taxing entity who
8 performs the function of entity treasurer, payable to the taxing
9 entity, the entity's share of the taxes collected by the
10 comptroller under this chapter.

11 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

12 ~~Amended by Acts 1989, 71st Leg., ch. 16, Sec. 5, eff. Aug. 31, 1989;~~

13 ~~Acts 1997, 75th Leg., ch. 165, Sec. 30.270, eff. Sept. 1, 1997;~~

14 ~~Acts 1999, 76th Leg., ch. 1467, Sec. 2.68, eff. Oct. 1, 1999.~~

15 Sec. 322.303. STATE'S SHARE. Before sending any money to a
16 taxing entity under this subchapter, the comptroller shall deduct
17 two percent of the amount of the taxes collected within the entity
18 area during the period for which a distribution is made as the
19 state's charge for its services under this chapter and shall credit
20 the money deducted to the general revenue fund.

21 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

22 Sec. 322.304. AMOUNTS RETAINED IN TRUST ACCOUNT. (a) The
23 comptroller may retain in the suspense account of a taxing entity a
24 portion of the entity's share of the tax collected for the entity
25 under this chapter, not to exceed five percent of the amount
26 remitted to the entity. If the entity has abolished the tax, the
27 amount that may be retained may not exceed five percent of the final

1 remittance to the entity at the time of the termination of the
2 collection of the tax.

3 (b) From the amounts retained in an entity's suspense
4 account, the comptroller may make refunds for overpayments to the
5 account and to redeem dishonored checks and drafts deposited to the
6 credit of the account.

7 (c) Before the expiration of one year after the effective
8 date of the abolition of an entity's tax under this chapter other
9 than a department under Chapter 453, Transportation Code, the
10 comptroller shall send to the entity the remainder of the money in
11 the entity's account and shall close the account.

12 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~
13 ~~Amended by Acts 1997, 75th Leg., ch. 165, Sec. 30.271, eff. Sept. 1,~~
14 ~~1997.~~

15 Sec. 322.305. INTEREST ON TRUST ACCOUNTS. Interest earned
16 on all deposits made with the comptroller under this chapter,
17 including interest earned on retained accounts, shall be credited
18 to the general revenue fund.

19 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~
20 ~~Amended by Acts 1997, 75th Leg., ch. 1423, Sec. 19.125, eff. Sept.~~
21 ~~1, 1997.~~

22 Sec. 322.306. RETENTION OF CERTAIN SPECIAL PURPOSE DISTRICT
23 ~~SALES~~ VALUE ADDED TAXES. A taxing entity that holds a ~~sales and use~~
24 value added tax permit issued by the comptroller and that imposes a
25 ~~sales and use~~ value added tax may retain the portion of the tax that
26 the taxing entity collects and that constitutes the entity's own
27 tax. The taxing entity shall remit to the comptroller all other

1 applicable local ~~sales and use~~ value added taxes and the state ~~sales~~
2 ~~and use~~ value added tax.

3 ~~Added by Acts 2001, 77th Leg., ch. 1263, Sec. 76, eff. Oct. 1, 2001.~~

4 TAX CODE

5 TITLE 3. LOCAL TAXATION

6 SUBTITLE C. LOCAL ~~SALES AND USE~~ VALUE ADDED TAXES

7 CHAPTER 323. COUNTY ~~SALES AND USE~~ VALUE ADDED TAX ACT

8 SUBCHAPTER A. GENERAL PROVISIONS

9 Sec. 323.001. SHORT TITLE. This chapter may be cited as the
10 County ~~Sales and Use~~ Value added Tax Act.

11 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

12 ~~Sec. 323.002.~~ 323.002. DEFINITIONS. The words used in this
13 chapter and defined by Chapters ~~151~~ 220 and 321 have the meanings
14 assigned by Chapters ~~151~~ 220 and 321.

15 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

16 ~~Sec. 323.003.~~

17 Sec. 323.003. OTHER PORTIONS OF TAX APPLICABLE. Subtitles
18 A and B, Title 2, and ~~Chapters 142 and 151~~ Chapter 220 apply to the
19 taxes and to the administration and enforcement of the taxes
20 imposed by this chapter in the same manner that those laws apply to
21 state taxes unless modified by this chapter.

22 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

23 ~~Amended by Acts 1989, 71st Leg., ch. 2, Sec. 14.13, eff. Aug. 28,~~
24 ~~1989; Acts 2003, 78th Leg., ch. 1310, Sec. 117, eff. Oct. 1, 2003.~~

25 SUBCHAPTER B. IMPOSITION OF ~~SALES AND USE~~ VALUE ADDED TAXES BY

26 COUNTIES

27 Sec. 323.101. TAX AUTHORIZED. (a) A qualified county may

1 adopt or repeal the county ~~sales and use~~ value added tax authorized
2 by this chapter at an election in which a majority of the qualified
3 voters of the county approve the adoption or repeal of the tax, as
4 applicable.

5 (b) A county is qualified to adopt the tax only if no part of
6 the county is located in a rapid transit authority created under
7 Chapter 451, Transportation Code, or a regional transportation
8 authority created under Chapter 452 of that code.

9 (c) An authority created under Chapter 451 or 452,
10 Transportation Code, is prohibited from imposing the tax provided
11 for by those chapters in a county in which the county ~~sales and use~~
12 value added tax provided for by this section is in effect or is
13 scheduled to take effect. For the purposes of this section, an
14 authority is not considered to be located in any county in which
15 fewer than 250 persons are both residents of the authority and the
16 county.

17 (d) A county may not adopt a ~~sales and use~~ value added tax
18 under this section if as a result of the adoption of the tax the
19 combined rate of all ~~sales and use taxes imposed by the county and~~
20 ~~other political subdivisions of this state having territory in the~~
21 ~~county would exceed two percent at any location in the county.~~

22 ~~(e) If the voters of a county approve the adoption of a sales~~
23 ~~and use tax at an election held on the same election date on which a~~
24 ~~municipality having territory in the county adopts a sales and use~~
25 ~~tax or an additional sales and use tax and as a result the combined~~
26 ~~rate of all sales and use~~ value added taxes imposed by the county
27 and other political subdivisions of this state having territory in

1 the county would exceed ~~two~~ three percent at any location in the
2 county, ~~the election to adopt a county sales and use tax has no~~
3 ~~effect.~~

4 (e) If the voters of a county approve the adoption of a value
5 added tax at an election held on the same election date on which a
6 municipality having territory in the county adopts a value added
7 tax or an additional municipal value added tax and as a result the
8 combined rate of all value added taxes imposed by the county and
9 other political subdivisions of this state having territory in the
10 county would exceed three percent at any location in the county, the
11 election to adopt a county value added tax has no effect.

12 (f) The provisions of this chapter govern the application,
13 collection, and administration of a ~~sales and use~~ value added tax
14 imposed under Chapter 285 or 775, Health and Safety Code, to the
15 extent not inconsistent with the provisions of those chapters.
16 Provided, however, that Subsection (b) shall not apply to a tax
17 authorized under those chapters.

18 ~~(g) Expired.~~
19 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~
20 ~~Amended by Acts 1987, 70th Leg., 2nd C.S., ch. 54, Sec. 2, eff. Oct.~~
21 ~~20, 1987; Acts 1989, 71st Leg., 1st C.S., ch. 40, Sec. 6, eff. Sept.~~
22 ~~1, 1989; Acts 1997, 75th Leg., ch. 65, Sec. 2, eff. May 9, 1997;~~
23 ~~Acts 1997, 75th Leg., ch. 165, Sec. 30.272, eff. Sept. 1, 1997.~~

24 ~~Amended by:~~

25 ~~Acts 2011, 82nd Leg., R.S., Ch. , Sec. 15, eff. June 17, 2011.~~

26 ~~Sec. 323.102.~~

27 Sec. 323.102. EFFECTIVE DATES: NEW TAX, TAX REPEAL. (a)

1 Except as provided by Subsection (c), a tax imposed under this
2 chapter takes effect on the October 1st after the expiration of the
3 first complete calendar quarter occurring after the date on which
4 the comptroller receives a notice of the action as required by
5 Section 323.405(b).

6 (b) The repeal of a tax abolished under this chapter takes
7 effect on the October 1st after the expiration of the first complete
8 calendar quarter occurring after the date on which the comptroller
9 receives a notice of the action as required by Section 323.405(b).

10 (c) A tax imposed under Section 323.105 of this code or
11 Chapter 326 or 383, Local Government Code, takes effect on the first
12 day of the first calendar quarter after the expiration of the first
13 complete calendar quarter occurring after the date on which the
14 comptroller receives a notice of the action as required by Section
15 323.405(b).

16 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

17 ~~Amended by Acts 1989, 71st Leg., ch. 256, Sec. 2, eff. Sept. 1,~~

18 ~~1989; Acts 1995, 74th Leg., ch. 342, Sec. 1, eff. Aug. 28, 1995;~~

19 ~~Acts 1999, 76th Leg., ch. 1467, Sec. 2.69, eff. June 19, 1999.~~

20 ~~Amended by:~~

21 ~~Acts 2007, 80th Leg., R.S., Ch. , Sec. 12, eff. September 1, 2007.~~

22 ~~Sec. 323.103. SALES~~ 323.103. VALUE ADDED TAX. (a) In a
23 county that has adopted the tax authorized by this chapter, there is
24 imposed a value added tax on the taxable receipts from the ~~sale at~~
25 ~~retail of taxable items within the~~ supply in such county of any
26 service or property by any person in the ordinary course of a trade
27 or business in which the person engages for the purpose of profit.

1 (b) The tax is imposed at the rate approved by the voters.
2 The rate, when the tax is adopted, must be equal to any increment
3 any increment of one-half eighth percentage point from zero to a
4 maximum of one percent, ~~or in a~~ unless the county ~~that~~ includes no
5 territory within the limits of a municipality, ~~one~~ in which case the
6 maximum rate shall be two percent.

7 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

8 ~~Sec. 323.104. USE TAX. In a , unless the county that has~~
9 ~~adopted the tax authorized by this chapter, there is imposed an~~
10 ~~excise tax on the use, storage, or includes no territory within the~~
11 ~~limits of a special district (i.e., any local taxing unit other~~
12 ~~consumption within the than a municipality, county of taxable items~~
13 ~~purchased, leased, or rented from a retailer during the period that~~
14 ~~the tax is effective within the county. The rate of the excise tax~~
15 ~~is the same as school district), in which case the rate of the sales~~
16 ~~tax portion maximum rate shall be two percent. The rate may be~~
17 ~~reduced in one or more increments of the tax and is one-eighth of~~
18 ~~one percent to a minimum of one-eighth of one percent or increased~~
19 ~~in one or more increments of one-eighth of one percent to a maximum~~
20 ~~of one percent, or the tax may be abolished. This rate is then~~
21 ~~applied to the sales price of the taxable item. With respect to a~~
22 ~~taxable service, "use" means the derivation in the county of direct~~
23 ~~or indirect benefit from the service taxpayer's taxable receipts~~
24 ~~attributable to any applicable tax period to determine the~~
25 ~~applicable municipal value added tax.~~

26 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

27 ~~Amended by Acts 1991, 72nd Leg., ch. 705, Sec. 32, eff. Sept. 1,~~

1 ~~1991.~~

2 ~~Sec.~~

3 Sec. 323.104. REPEALED

4 Sec. 323.105. CRIME CONTROL DISTRICT TAX. (a) Subject to
5 an election held in accordance with the Crime Control and
6 Prevention District Act, a county in which a crime control and
7 prevention district is established shall adopt a ~~sales and use~~
8 value added tax in the area of the district for the purpose of
9 financing the operation of the crime control and prevention
10 district. The revenue from the tax may be used only for the purpose
11 of financing the operation of the crime control and prevention
12 district. The proposition for adopting a tax under this section and
13 the proposition for creation of a crime control and prevention
14 district shall be submitted at the same election. For purposes of
15 Subsection (c) of Section 323.101 of this code, a tax under this
16 section is not a county ~~sales and use~~ value added tax.

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

21 (c) The board of directors or the governing body of the
22 governmental entity that proposed the creation of the crime control
23 and prevention district may call an election on the question of
24 decreasing the tax rate in increments of one-eighth of one percent
25 in the district if the district was created before January 1, 1996.
26 The board of directors or governing body may dedicate a portion of
27 the tax for the payment of bonds used in conjunction with the

1 renovation or extension of a county-owned or municipally owned
2 convention center facility, as defined in Section 351.001, that was
3 constructed before 1969 if the dedication is approved by a majority
4 of the qualified voters in an election held in the district on the
5 question of decreasing the tax rate. At the election, the ballot
6 shall be printed to provide for voting for or against the following
7 proposition: "The decrease of the _____ Crime Control and
8 Prevention District ~~sales and use~~ value added tax to _____ percent
9 and authorizing the use of _____ of one percent for the payment of
10 bonds issued for the renovation or extension of certain
11 county-owned or municipally owned convention center facilities as
12 that term is defined under Section 351.001, Tax Code, and
13 authorizing that the tax expire on payment of the bonds."

14 (d) The rate of a tax adopted for a district under this
15 section may be increased in increments of one-eighth of one
16 percent, not to exceed a total tax rate of one-quarter ~~half~~ percent
17 for financing the operation of the crime control and prevention
18 district, by order of the board of directors of the crime control
19 and prevention district if approved by a majority of the qualified
20 voters voting at an election called by the board and held in the
21 district on the question of increasing the tax rate. At the
22 election, the ballot shall be printed to provide for voting for or
23 against the following proposition: "The increase of the
24 _____ Crime Control and Prevention District ~~sales and use~~
25 value added tax rate to _____ percent." If there is an
26 increase or decrease under this subsection in the rate of a tax
27 imposed under this section, the new rate takes effect on the first

1 day of the next calendar quarter after the expiration of one
2 calendar quarter after the comptroller receives notice of the
3 increase or decrease. However, if the comptroller notifies the
4 president of the board of directors of the district in writing
5 within 10 days after receipt of the notification that the
6 comptroller requires more time to implement reporting and
7 collection procedures, the comptroller may delay implementation of
8 the rate change for one whole calendar quarter. In that event, the
9 new rate takes effect on the first day of the next calendar quarter
10 following the elapsed quarter.

11 (e) The comptroller shall remit to the county amounts
12 collected at the rate imposed under this section as part of the
13 regular allocation of county tax revenue collected by the
14 comptroller if the district is composed of the entire county. The
15 comptroller shall, if the district is composed of an area less than
16 the entire county, remit that amount to the district. ~~Retailers~~
17 Taxpayers may not be required to use the allocation and reporting
18 procedures in the collection of taxes under this section different
19 from the procedures that ~~retailers~~ taxpayers use in the collection
20 of other ~~sales and use~~ value added taxes under this chapter. ~~An~~
21 ~~item, transaction,~~ A supply of services and/or service property
22 that is taxable in a county under a ~~sales or use~~ value added tax
23 authorized by another section of this chapter is taxable under this
24 section. ~~An item, transaction, or service~~ A supply of services
25 and/or property that is not taxable in a county under a ~~sales or use~~
26 value added tax authorized by another section of this chapter is not
27 taxable under this section.

1 (f) If, in a county where a crime control and prevention
2 district is composed of the whole county, a county ~~sales and use~~
3 value added tax or a county ~~sales and use~~ value added tax rate
4 increase for the purpose of financing a crime control and
5 prevention district is approved, the county is responsible for
6 distributing to the district that portion of the county ~~sales and~~
7 ~~use~~ value added tax revenue received from the comptroller that is to
8 be used for the purposes of financing the crime control and
9 prevention district. Not later than the 10th day after the date the
10 county receives funds under this section from the comptroller, the
11 county shall make the distribution in the proportion that the crime
12 control and prevention portion of the tax rate bears to the total
13 ~~sales and use~~ value added tax rate of the county. The amounts
14 distributed to a crime control and prevention district are not
15 considered to be ~~sales and use~~ value added tax revenue for the
16 purpose of property tax reduction and computation of the county tax
17 rate under Section 26.041, Tax Code.

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

23 (h) The comptroller may adopt rules and the county
24 commissioners court may adopt orders to administer this section.

25 ~~Added by Acts 1989, 71st Leg., ch. 664, Sec. 2, eff. June 14, 1989.~~

26 ~~Amended by Acts 1993, 73rd Leg., ch. 864, Sec. 15, eff. June 18,~~

27 ~~1993; Acts 1997, 75th Leg., ch. 1248, Sec. 6, eff. June 20, 1997;~~

1 ~~Acts 1999, 76th Leg., ch. 1467, Sec. 2.70, eff. Oct. 1, 1999.~~

2 SUBCHAPTER C. COMPUTATION OF TAXES

3 Sec. 323.201. COMPUTATION OF ~~SALES~~ VALUE ADDED TAXES. (a)

4 Each ~~retailer~~ taxpayer in a county that has adopted the tax
5 authorized by this chapter shall add the ~~sales~~ value added tax
6 imposed by this chapter and by Chapter ~~151~~ 220, plus any other
7 applicable ~~sales~~ value added tax, to the ~~sales~~ supply price, and the
8 sum of the taxes is a part of the price, a debt of the ~~purchaser~~
9 customer to the ~~retailer~~ taxpayer until paid, and recoverable at
10 law in the same manner as the ~~purchase~~ supply price.

11 (b) The amount of the total tax is computed by multiplying
12 the combined applicable tax rates by the amount of the ~~sales~~ supply
13 price. If the product results in a fraction of a cent less than
14 one-half of one cent, the fraction of a cent is not collected. If
15 the fraction of a cent is one-half of one cent or more, the fraction
16 shall be collected as one cent.

17 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

18 ~~Sec. 323.202. METHOD OF REPORTING: RETAILERS HAVING SALES BELOW~~
19 ~~TAXABLE AMOUNT. The exclusion provided by Section 151.411 applies~~
20 ~~to a retailer under this chapter 50 percent of whose receipts from~~
21 ~~the sales of taxable items comes from individual transactions in~~
22 ~~which the sales price is an amount on which no tax is produced from~~
23 ~~the combined state and local taxes.~~

24 ~~Added by Acts 1987, 70th Leg., ch. 191,~~

25 Sec. 323.202. REPEALED.

26 Sec. 323.203. REPEALED

27 ~~Sec. 1, eff. Sept. 1, 1987.~~

1 ~~For expiration of Subsections (c-2) and (c-3), see Subsection~~
2 ~~(c-3).~~

3 ~~Sec. 323.203. CONSUMMATION OF SALE. (a) A sale of a taxable item~~
4 ~~occurs within the county in which the sale is consummated. A sale~~
5 ~~is consummated as provided by this section regardless of the place~~
6 ~~where transfer of title or possession occurs.~~

7 ~~(b) If a retailer has only one place of business in this state, all~~
8 ~~of the retailer's retail sales of taxable items are consummated at~~
9 ~~that place of business except as provided by Subsection (e).~~

10 ~~(c) If a retailer has more than one place of business in this~~
11 ~~state, each sale of each taxable item by the retailer is consummated~~
12 ~~at the place of business of the retailer in this state where the~~
13 ~~retailer first receives the order, provided that the order is~~
14 ~~placed in person by the purchaser or lessee of the taxable item at~~
15 ~~the place of business of the retailer in this state where the~~
16 ~~retailer first receives the order.~~

17 ~~(c-1) If the retailer has more than one place of business in this~~
18 ~~state and Subsection (c) does not apply, the sale is consummated at~~
19 ~~the place of business of the retailer in this state:~~

20 ~~(1) from which the retailer ships or delivers the item, if the~~
21 ~~retailer ships or delivers the item to a point designated by the~~
22 ~~purchaser or lessee; or~~

23 ~~(2) where the purchaser or lessee takes possession of and removes~~
24 ~~the item, if the purchaser or lessee takes possession of and removes~~
25 ~~the item from a place of business of the retailer.~~

26 ~~Text of subsection effective until September 01, 2014~~

27 ~~(c-2) Subsection (c) does not apply if:~~

1 ~~(1) the taxable item is shipped or delivered from a warehouse:~~
2 ~~(A) that is a place of business of the retailer;~~
3 ~~(B) in relation to which the retailer has an economic development~~
4 ~~agreement with:~~
5 ~~(i) the county in which the warehouse is located that was entered~~
6 ~~into under Chapter 381, Local Government Code, before January 1,~~
7 ~~2009; or~~
8 ~~(ii) the municipality in which the warehouse is located that was~~
9 ~~entered into under Chapter 380, 504, or 505, Local Government Code,~~
10 ~~or a predecessor statute, before January 1, 2009; and~~
11 ~~(C) in relation to which the county provides information relating~~
12 ~~to the economic development agreement as required by Subsection~~
13 ~~(c-3) by the deadline prescribed by that subsection, or, if~~
14 ~~appropriate, the municipality complies with Section 321.203(c-3)~~
15 ~~by the deadline prescribed by that section; and~~
16 ~~(2) the place of business of the retailer at which the retailer~~
17 ~~first receives the order in the manner described by Subsection (c)~~
18 ~~is a retail outlet identified in the information required by~~
19 ~~Subsection (c-3) or Section 321.203(c-3) as being served by the~~
20 ~~warehouse on January 1, 2009.~~
21 ~~(c-3) Not later than September 1, 2009, a county that has entered~~
22 ~~into an economic development agreement described by Subsection~~
23 ~~(c-2) shall send to the comptroller information prescribed by the~~
24 ~~comptroller relating to the agreement that identifies each~~
25 ~~warehouse subject to the agreement and each retail outlet that, on~~
26 ~~January 1, 2009, was served by that warehouse. The comptroller~~
27 ~~shall prescribe the manner in which the information must be~~

1 ~~provided. The provision of information to the comptroller under~~
2 ~~this subsection does not affect whether information described by~~
3 ~~this subsection is confidential or excepted from required public~~
4 ~~disclosure. This subsection and Subsection (c-2) expire September~~
5 ~~1, 2014.~~

6 ~~(d) If the retailer has more than one place of business in this~~
7 ~~state and Subsections (c) and (c-1) do not apply, the sale is~~
8 ~~consummated at:~~

9 ~~(1) the place of business of the retailer in this state where the~~
10 ~~order is received; or~~

11 ~~(2) if the order is not received at a place of business of the~~
12 ~~retailer, the place of business from which the retailer's agent or~~
13 ~~employee who took the order operates.~~

14 ~~(e) A sale of a taxable item is consummated at the location in this~~
15 ~~state to which the item is shipped or delivered or at which~~
16 ~~possession is taken by the customer if transfer of possession of the~~
17 ~~item occurs at, or shipment or delivery of the item originates from,~~
18 ~~a location in this state other than a place of business of the~~
19 ~~retailer and if:~~

20 ~~(1) the retailer is an itinerant vendor who has no place of~~
21 ~~business in this state;~~

22 ~~(2) the retailer's place of business where the purchase order is~~
23 ~~initially received or from which the retailer's agent or employee~~
24 ~~who took the order operates is outside this state; or~~

25 ~~(3) the purchaser places the order directly with the retailer's~~
26 ~~supplier and the item is shipped or delivered directly to the~~
27 ~~purchaser by the supplier.~~

1 ~~(f) The sale of natural gas and electricity is consummated at the~~
2 ~~point of delivery to the consumer.~~

3 ~~(g) The sale of mobile telecommunications services is consummated~~
4 ~~in accordance with Section 151.061.~~

5 ~~(g-1) The sale of telecommunications services sold based on a~~
6 ~~price that is measured by individual calls is consummated at the~~
7 ~~location where the call originates and terminates or the location~~
8 ~~where the call either originates or terminates and at which the~~
9 ~~service address is also located.~~

10 ~~(g-2) Except as provided by Subsection (g-3), the sale of~~
11 ~~telecommunications services sold on a basis other than on a~~
12 ~~call-by-call basis is consummated at the location of the customer's~~
13 ~~place of primary use.~~

14 ~~(g-3) A sale of post-paid calling services is consummated at the~~
15 ~~location of the origination point of the telecommunications signal~~
16 ~~as first identified by the seller's telecommunications system or by~~
17 ~~information received by the seller from the seller's service~~
18 ~~provider if the system used to transport the signal is not that of~~
19 ~~the seller.~~

20 ~~(h) The sale of an amusement service is consummated in the county~~
21 ~~in which the performance or other delivery of the service takes~~
22 ~~place.~~

23 ~~(i) If a purchaser who has given a resale certificate makes any use~~
24 ~~of a taxable item that subjects the taxable item to the sales tax~~
25 ~~under the provisions of Section 151.154, the use or other~~
26 ~~consumption of the taxable item that subjected the taxable item to~~
27 ~~the tax is consummated at the place where the taxable item is stored~~

1 ~~or kept at the time of or just before the use or consumption.~~

2 ~~(j) The sale of services delivered through a cable system is~~
3 ~~consummated at the point of delivery to the consumer.~~

4 ~~(k) The sale of garbage or other solid waste collection or removal~~
5 ~~service is consummated at the location at which the garbage or other~~
6 ~~solid waste is located when its collection or removal begins.~~

7 ~~(l) Repealed by Acts 2007, 80th Leg., R.S., Ch. 1266, Sec. 15(5),~~
8 ~~eff. September 1, 2007.~~

9 ~~(m) A sale of a service described by Section 151.0047 to remodel,~~
10 ~~repair, or restore nonresidential real property is consummated at~~
11 ~~the location of the job site.~~

12 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

13 ~~Amended by Acts 1989, 71st Leg., ch. 2, Sec. 14.22(b), eff. Aug. 28,~~

14 ~~1989; Acts 1989, 71st Leg., ch. 810, Sec. 2, eff. Oct. 1, 1989;~~

15 ~~Acts 1991, 72nd Leg., ch. 705, Sec. 33, eff. Sept. 1, 1991; Acts~~

16 ~~2001, 77th Leg., ch. 370, Sec. 3, eff. Aug. 1, 2002; Acts 2003, 78th~~

17 ~~Leg., ch. 209, Sec. 58, eff. Oct. 1, 2003; Acts 2003, 78th Leg., ch.~~

18 ~~1310, Sec. 118, eff. July 1, 2004.~~

19 ~~Amended by:~~

20 ~~Acts 2007, 80th Leg., R.S., Ch. , Sec. 13, eff. September 1, 2007.~~

21 ~~Acts 2007, 80th Leg., R.S., Ch. , Sec. 15(5), eff. September 1,~~

22 ~~2007.~~

23 ~~Acts 2009, 81st Leg., R.S., Ch. , Sec. 8, eff. June 19, 2009.~~

24 ~~Sec. 323.204.~~ 323.204. COMPUTATION OF ~~USE~~ TAX. In each

25 county that has adopted the taxes authorized by this chapter, the

26 tax imposed by Section 323.104, by other applicable local taxes,

27 and by ~~Subchapter D, Chapter 151,~~ 220, are added together to form a

1 single combined tax rate, ~~except only the rate of the county tax is~~
2 ~~used in a situation described by Section 323.205(b).~~

3 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

4 Sec. 323.205. REPEALED.

5 ~~Sec. 323.205. USE TAX. 206. COUNTY IN WHICH USE OCCURS. (a) In~~
6 ~~determining the incidence of the use TAX INAPPLICABLE WHEN NO STATE~~
7 ~~TAX. The value added tax authorized by this chapter, the name of~~
8 ~~the county adopting the tax is substituted in Subchapter D, Chapter~~
9 ~~151, for "this state" where those words are used to designate the~~
10 ~~taxing entity or delimit the tax imposed. However, the excise tax~~
11 ~~authorized by this chapter on the use, storage, or consumption does~~
12 ~~not apply to the supply of a taxable item does not apply if the~~
13 ~~taxable item is first used, stored, or consumed in a county that has~~
14 ~~not adopted the taxes authorized by this chapter.~~

15 ~~(b) If a sale of a taxable item is consummated in this state but~~
16 ~~not within a county that has adopted the taxes authorized by this~~
17 ~~chapter and the taxable item is shipped directly, or brought by the~~
18 ~~purchaser or lessee directly, into a county that has adopted the~~
19 ~~taxes authorized by this chapter, the taxable item is subject to the~~
20 ~~county's use tax. The use is considered to be consummated at the~~
21 ~~location where the item is first stored, used, or consumed after the~~
22 ~~intrastate transit has ceased.~~

23 ~~(c) If a taxable item is shipped from outside this state to a~~
24 ~~customer within this state and the use of the taxable item is~~
25 ~~consummated within a county that has adopted the tax authorized by~~
26 ~~this chapter, the taxable item is subject to a county's use tax and~~
27 ~~not its sales tax. A use is considered to be consummated at the~~

1 ~~first point in this state where the taxable item is stored, used, or~~
2 ~~consumed after the interstate transit has ceased. A taxable item~~
3 ~~delivered to a point in this state is presumed to be for storage,~~
4 ~~use, or consumption at that point until the contrary is~~
5 ~~established.~~

6 ~~(d) The holder of a direct payment permit issued under Chapter 151~~
7 ~~who becomes liable for the use tax under this chapter by reason of~~
8 ~~the storage, use, or consumption of a taxable item purchased in this~~
9 ~~state under a direct payment exemption certificate shall allocate~~
10 ~~the tax to the county in which the item was first removed from the~~
11 ~~permit holder's storage, or if not stored, the place at which the~~
12 ~~item was first used or consumed by the permit holder after~~
13 ~~transportation. In this subsection an item is not considered to~~
14 ~~have been stored, used, or consumed because of a temporary delay or~~
15 ~~interruption necessary and incidental to its transportation or~~
16 ~~further fabrication, processing, or assembling within this state~~
17 ~~for delivery to the permit holder. A charge for fabrication,~~
18 ~~processing, or further assembly in a county that has adopted the tax~~
19 ~~under this chapter shall be subject to the county use tax.~~

20 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

21 ~~Amended by Acts 1991, 72nd Leg., ch. 705, Sec. 34, eff. Sept. 1,~~
22 ~~1991.~~

23 ~~Sec. 323.206. COUNTY TAX INAPPLICABLE WHEN NO STATE TAX,~~
24 ~~EXCEPTIONS. (a) The sales tax authorized by this chapter does not~~
25 ~~apply to the sale of a taxable item service or supply unless the~~
26 ~~sales value added tax imposed by Subchapter C, Chapter ~~151~~ 220, also~~
27 ~~applies to the sale.~~

1 ~~(b) The excise tax authorized by this chapter on the use, storage,~~
2 ~~or consumption of a taxable item does not apply to the use, storage,~~
3 ~~or consumption of an item unless the tax imposed by Subchapter D,~~
4 ~~Chapter 151, also applies to the use, storage, or consumption.~~

5 ~~(c) Subsections (a) and (b) do not apply to the taxes authorized by~~
6 ~~this chapter on the sale, production, distribution, lease, or~~
7 ~~rental of, and the use, storage, or consumption of gas and~~
8 ~~electricity for residential use.~~

9 ~~(d) Subsection (b) does not apply to the application of the tax in~~
10 ~~a situation described by Section 323.205(b).~~

11 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

12 ~~Amended by Acts 1991, 72nd Leg., ch. 705, Sec. 35, eff. Sept. 1,~~
13 ~~1991.~~

14 ~~Sec. 323.207.~~

15 Sec. 323.207. STATE EXEMPTIONS APPLICABLE. The exemptions
16 and exclusions provided by ~~Subchapter H,~~ Subchapters D and E of
17 Chapter 151 220, apply to the taxes authorized by this chapter,
18 ~~except as provided by Section 151.317(b).~~

19 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

20 ~~Sec. 323.208. TELECOMMUNICATIONS EXEMPTION. (a) There are~~
21 ~~exempted from the taxes imposed under this chapter the sale within~~
22 ~~the county of telecommunications services unless the application of~~
23 ~~the exemption is repealed under this section. A county may not~~

24 ~~repeal the application of this exemption as it applies to~~
25 ~~interstate long-distance telecommunications services, but if a~~
26 ~~county has repealed the exemption before the effective date of Part~~
27 ~~4, Article 1, H.B. No. 61, Acts of the 70th Legislature, 2nd Called~~

1 ~~Session, 1987, interstate long-distance telecommunications~~
2 ~~services in that county are not subject to taxes imposed under this~~
3 ~~chapter.~~

4 ~~(b) The commissioners court of a county by a majority vote may~~
5 ~~repeal the application of the exemption provided by Subsection (a)~~
6 ~~for telecommunications services sold within the county.~~

7 ~~(c) A county that has repealed the application of the exemption~~
8 ~~may in the same manner reinstate the exemption.~~

9 ~~(d) A vote of the commissioners court repealing the application of~~
10 ~~or reinstating the exemption must be entered in the minutes of the~~
11 ~~court. The county judge shall send to the comptroller by United~~
12 ~~States certified or registered mail a copy of each order adopted~~
13 ~~under this section. The repeal of the application of the exemption~~
14 ~~or a reinstated exemption takes effect within the county on the~~
15 ~~first day of the first calendar quarter after the expiration of the~~
16 ~~first complete calendar quarter after the date on which the~~
17 ~~comptroller receives notification of the order.~~

18 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

19 ~~Amended by Acts 1987, 70th Leg., 2nd C.S., ch. 5, art. 1, pt. 4, Sec.~~
20 ~~35.~~

21 ~~Sec. 323.209. TRANSITION EXEMPTION. (a) The receipts from the~~
22 ~~sale, use, or rental of and the storage, use, or consumption of~~
23 ~~taxable items in this state are exempt from the tax imposed by a~~
24 ~~county under this chapter if the items are used:~~

25 ~~(1) for the performance of a written contract entered into before~~
26 ~~the date the tax takes effect in the county, if the contract is not~~
27 ~~subject to change or modification by reason of the tax; or~~

1 ~~(2) pursuant to an obligation of a bid or bids submitted before the~~
2 ~~date the tax takes effect in the county, if the bid or bids may not~~
3 ~~be withdrawn, modified, or changed by reason of the tax.~~

4 ~~(b) The exemptions provided by this section have no effect after~~
5 ~~three years from the date the tax takes effect in the county.~~

6 ~~Added by Acts 1989, 71st Leg., ch. 2, Sec. 14.17(a), eff. Aug. 28,~~
7 ~~1989.~~

8 SUBCHAPTER D. ADMINISTRATION OF TAXES

9 Sec. 323.301. COMPTROLLER TO COLLECT AND ADMINISTER TAXES.

10 The comptroller shall administer, collect, and enforce any tax
11 imposed by a county under this chapter. The tax imposed under this
12 chapter and the tax imposed under Chapter ~~151~~ 220 shall be collected
13 together, if both taxes are imposed.

14 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

15 ~~Sec. 323.302.~~

16 Sec. 323.302. COMPTROLLER'S REPORTING DUTIES. (a) The

17 comptroller shall make quarterly reports to a county that has
18 adopted the taxes authorized by this chapter if the county requests
19 the reports. A report must include the name, address, and account
20 number of each person in the county that has remitted to the
21 comptroller a tax payment during the quarter covered by the report.

22 (b) If a county requests an additional report, the
23 comptroller shall make an additional quarterly report to the county
24 including the name, address, and account number, if any, of, and the
25 amount of tax due from, each person doing business in the county who
26 has failed to pay the tax under this chapter to the county or under
27 Chapter ~~151~~ 220. The additional report must also include

1 statements:

2 (1) showing whether or not there has been a partial tax
3 payment by the delinquent taxpayer;

4 (2) showing whether or not the taxpayer is delinquent
5 in the payment of ~~sales and use~~ value added taxes to the state; and

6 (3) describing the steps taken by the comptroller to
7 collect the delinquent taxes.

8 (c) If a county determines that a person doing business in
9 the county is not included in a comptroller's report, the county
10 shall report to the comptroller the name and address of the person.
11 Within 90 days after receiving the report from a county, the
12 comptroller shall send to the county:

13 (1) an explanation as to why the person is not
14 obligated for the county tax;

15 (2) a statement that the person is obligated for the
16 county tax and the tax is delinquent; or

17 (3) a certification that the person is obligated for
18 the county tax and that the full amount of the tax due has been
19 credited to the county's account.

20 (d) The comptroller shall send by United States certified or
21 registered mail to the county attorney a notice of each person who
22 is delinquent in the payment to the county of the taxes authorized
23 by this chapter and shall send a copy of the notice to the attorney
24 general. A notice sent under this subsection is a certification of
25 the amount of tax owed and is prima facie evidence of a
26 determination of that amount and of its delinquency.

27 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

1 ~~Sec. 323.3022.~~

2 Sec. 323.3022. TAX INFORMATION. (a) In this section,
3 "other local governmental entity" includes any governmental entity
4 created by the legislature that has a limited purpose or function,
5 that has a defined or restricted geographic territory, and that is
6 authorized by law to impose a local ~~sales and use~~ value added tax
7 the imposition, computation, administration, enforcement, and
8 collection of which is governed by this chapter.

9 (b) Except as otherwise provided by this section, the
10 comptroller on request shall provide to a county or other local
11 governmental entity that has adopted a tax under this chapter:

12 (1) information relating to the amount of tax paid to
13 the county or other local governmental entity under this chapter
14 during the preceding or current calendar year by each person doing
15 business in the county or other local governmental entity who
16 annually remits to the comptroller state and local ~~sales~~ value
17 added tax payments of more than \$5,000; and

18 (2) any other information as provided by this section.

19 (c) The comptroller on request shall provide to a county or
20 other local governmental entity that has adopted a tax under this
21 chapter information relating to the amount of tax paid to the county
22 or other local governmental entity under this chapter during the
23 preceding or current calendar year by each person doing business in
24 an area, as defined by the county or other local governmental
25 entity, that is part of:

26 (1) an interlocal agreement;

27 (2) a tax abatement agreement;

- 1 (3) a reinvestment zone;
- 2 (4) a tax increment financing district;
- 3 (5) a revenue sharing agreement;
- 4 (6) an enterprise zone;
- 5 (7) any other agreement, zone, or district similar to
- 6 those listed in Subdivisions (1)-(6); or
- 7 (8) any area defined by the county or other local
- 8 governmental entity for the purpose of economic forecasting.

9 (d) The comptroller shall provide the information under
10 Subsection (c) as an aggregate total for all persons doing business
11 in the defined area without disclosing individual tax payments.

12 (e) If the request for information under Subsection (c)
13 involves not more than three persons doing business in the defined
14 area who remit taxes under this chapter, the comptroller shall
15 refuse to provide the information to the county or other local
16 governmental entity unless the comptroller receives permission
17 from each of the persons allowing the comptroller to provide the
18 information to the county or other local governmental entity as
19 requested.

20 (f) A separate request for information under this section
21 must be made in writing each year by the county judge or the
22 governing body of the other local governmental entity.

23 (g) Information received by a county or other local
24 governmental entity under this section is confidential, is not open
25 to public inspection, and may be used only for the purpose of
26 economic forecasting, for internal auditing of a tax paid to the
27 county or other local governmental entity under this chapter, or

1 for the purpose described by Subsection (h).

2 (h) Information received by a county or other local
3 governmental entity under Subsection (c) may be used by the county
4 or other local governmental entity to assist in determining revenue
5 sharing under a revenue sharing agreement or other similar
6 agreement.

7 (i) The comptroller may set and collect from a county or
8 other local governmental entity reasonable fees to cover the
9 expense of compiling and providing information under this section.

10 (j) Notwithstanding Chapter 551, Government Code, the
11 commissioners court of a county or the governing body of the other
12 local governmental entity is not required to confer with one or more
13 employees or a third party in an open meeting to receive information
14 or question the employees or third party regarding the information
15 received by the county or other local governmental entity under
16 this section.

17 ~~Added by Acts 2009, 81st Leg., R.S., Ch. , Sec. 9, eff. September 1,~~
18 ~~2009.~~

19 ~~Amended by:~~

20 ~~Acts 2011, 82nd Leg., R.S., Ch. , Sec. 3, eff. September 1, 2011.~~

21 ~~Sec. 323.303. SALES TAX PERMITS AND EXEMPTION AND RESALE~~
22 ~~CERTIFICATES. (a) Each place of business of a retailer must have a~~
23 ~~permit issued by the comptroller under Subchapter F, Chapter 151.~~

24 ~~(b) The same sales tax permit, exemption certificate, and resale~~
25 ~~certificate required by Chapter 151 for the administration and~~
26 ~~collection of the taxes imposed by that chapter satisfy the~~
27 ~~requirements of this chapter. No additional permit or exemption or~~

1 ~~resale certificate may be required.~~

2 ~~(c) The comptroller may prescribe the form of an exemption~~
3 ~~certificate for a prior contract exemption under this chapter.~~

4 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

5 ~~Sec. 323.304.~~ 323.304. DISCOUNTS FOR PREPAYMENT AND TAX
6 COLLECTION. All discounts allowed a ~~retailer~~ taxpayer under
7 Chapter ~~151~~ 220 for the collection and prepayment of the taxes under
8 that chapter are allowed and applicable to the taxes collected
9 under this chapter.

10 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

11 ~~Sec. 323.305.~~ 323.305. PENALTIES. The penalties provided
12 by Chapter ~~151~~ 220 for violations of that chapter apply to
13 violations of this chapter.

14 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

15 ~~Sec. 323.306.~~

16 Sec. 323.306. COMPTROLLER'S RULES. The comptroller may
17 adopt reasonable rules and prescribe forms that are consistent with
18 this chapter for the administration, collection, reporting, and
19 enforcement of this chapter.

20 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

21 ~~Sec. 323.307.~~

22 Sec. 323.307. DELINQUENT TAXES: LIMITATIONS. The
23 limitations for the bringing of a suit for the collection of a tax
24 imposed or a penalty due under this chapter after the tax and
25 penalty are delinquent or after a determination against the
26 taxpayer are the same as limitations provided by Chapter ~~151~~ 220.

27 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

1 ~~Sec. 323.308.~~

2 Sec. 323.308. SEIZURE AND SALE OF PROPERTY. If the
3 comptroller lawfully seizes property for the payment of the taxes
4 imposed under Chapter ~~151~~ 220 and the property owner is delinquent
5 in the payment of taxes under this chapter, the comptroller shall
6 sell sufficient property to pay the delinquent taxes and penalties
7 of both taxes. The proceeds of a sale of seized property shall
8 first be applied to the payment of amounts due the state, any
9 remainder to the amounts due to a municipality to which the taxes
10 are due under Chapter 321, and any remainder to the amounts due to a
11 county to which taxes are due.

12 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

13 ~~Sec. 323.309.~~

14 Sec. 323.309. SUIT FOR TAX COLLECTION. (a) A county acting
15 through its attorney may join as a plaintiff in any suit brought by
16 the attorney general to seek a judgment for delinquent taxes and
17 penalties due to the county under this chapter.

18 (b) A county may bring suit for the collection of taxes owed
19 to the county under this chapter if:

20 (1) the taxes are certified by the comptroller in the
21 notice required by Section 323.302(d);

22 (2) a written notice of the tax delinquency and the
23 county's intention to bring suit is given by certified mail to the
24 taxpayer, the attorney general, and the comptroller at least 60
25 days before the suit is filed; and

26 (3) neither the comptroller nor the attorney general
27 disapproves of the suit.

1 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

2 ~~Sec. 323.310.~~

3 Sec. 323.310. DISAPPROVAL OF COUNTY SUIT. (a) The
4 comptroller or the attorney general may disapprove of the
5 institution of a suit by a county under Section 323.309(b) if:

6 (1) negotiations between the state and the taxpayer
7 are being conducted for the purpose of the collection of delinquent
8 taxes owed to the state and the county seeking to bring suit;

9 (2) the taxpayer owes substantial taxes to the state
10 and there is a reasonable possibility that the taxpayer may be
11 unable to pay the total amount owed;

12 (3) the state will bring suit against the taxpayer for
13 all taxes due under Chapter ~~151~~ 220 and this chapter; or

14 (4) the suit involves a critical legal question
15 relating to the interpretation of state law or a provision of the
16 Texas or United States constitution in which the state has an
17 overriding interest.

18 (b) A notice of disapproval to a county must be in writing
19 and give the reason for the determination by the comptroller or
20 attorney general.

21 (c) A disapproval is final and not subject to review.

22 (d) Not earlier than one year after the date of a
23 disapproval of the institution of a county collection suit, the
24 county may again proceed as provided by Section 323.309(b) even
25 though the liability of the taxpayer includes taxes for which the
26 county has previously given notice and the comptroller or attorney
27 general has disapproved of the suit.

1 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

2 ~~Sec. 323.311.~~

3 Sec. 323.311. JUDGMENTS IN COUNTY SUIT. (a) A judgment in
4 a suit under Section 323.309(b) for or against a taxpayer does not
5 affect a claim against the taxpayer by another county, a
6 municipality, or the state unless the state is party to the suit.

7 (b) A county shall abstract a copy of each final judgment
8 for taxes imposed under this chapter in a case in which the state is
9 not a party and shall send to the comptroller a copy of the judgment
10 and the abstract.

11 (c) A county shall by execution collect the taxes awarded to
12 it in each judgment received by the county and is responsible for
13 the renewal of the judgment before its expiration.

14 (d) The county shall send to the comptroller for deposit in
15 the county's suspense account the amount of any taxes collected on
16 the judgment.

17 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

18 ~~Sec. 323.312. RETENTION OF CERTAIN COUNTY SALES TAXES. A county~~
19 ~~that holds a sales and use tax permit issued by the comptroller and~~
20 ~~that imposes a sales and use tax may retain the portion of the tax~~
21 ~~that the county collects and that constitutes the county's own tax.~~
22 ~~The county shall remit to the comptroller all other applicable~~
23 ~~local sales and use taxes and the state sales and use tax.~~

24 ~~Added by Acts 2001, 77th Leg., ch. 1263, Sec. 77, eff. Oct. 1, 2001.~~

25 SUBCHAPTER E. TAX ELECTION PROCEDURES

26 Sec. 323.401. CALLING OF ELECTION. (a) An election under
27 this chapter is called by the adoption of an order by the

1 commissioners court of a county.

2 (b) The commissioners court may call the election by a vote
3 of a majority of its members.

4 (c) The commissioners court shall call the election if a
5 number of qualified voters of the county equal to at least five
6 percent of the number of registered voters in the county petitions
7 for a vote on the question.

8 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

9 ~~Sec. 323.402.~~

10 Sec. 323.402. DEADLINES AFTER PETITION. (a) After the
11 receipt of a petition for an election under this chapter, the
12 commissioners court shall determine the sufficiency of the petition
13 within 30 days.

14 (b) If the petition is sufficient, the commissioners court
15 shall pass the ordinance calling the election within 60 days after
16 receiving the petition.

17 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

18 ~~Sec. 323.403.~~

19 Sec. 323.403. TIME OF ELECTION. An election under this
20 chapter must be held on the next uniform election day not less than
21 30 days after the day on which the order calling the election was
22 passed.

23 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

24 ~~Sec. 323.404.~~

25 Sec. 323.404. BALLOT WORDING. (a) Except as provided by
26 Subsection (b), in an election to adopt the tax, the ballot shall be
27 printed to provide for voting for or against the proposition:

1 "Adoption of a ~~one-half~~ percent county ~~sales and use~~ value
2 added tax within the county to be used to help eliminate property
3 taxes ~~reduce the county property tax rate.~~"

4 (b) In an election in a county that includes no territory
5 within the limits of a municipality, the ballot shall be printed to
6 provide for voting for or against the proposition: "Adoption of a
7 one percent county ~~sales and use~~ value added tax within the county
8 to be used to reduce the county property tax rate."

9 (c) In an election to repeal the tax, the ballot shall be
10 printed to provide for voting for or against the proposition:
11 "Abolition of the county ~~sales and use~~ value added tax within the
12 county."

13 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

14 ~~Sec. 323.405.~~

15 Sec. 323.405. OFFICIAL RESULTS OF ELECTION. (a) Within 10
16 days after an election in which the voters of a county approve of
17 the adoption or abolition of the tax authorized by this chapter, the
18 commissioners court of the county shall, by resolution entered in
19 its minutes of proceedings, declare the results of the election. A
20 resolution or ordinance under this section must include statements
21 showing:

- 22 (1) the date of the election;
- 23 (2) the proposition on which the vote was held;
- 24 (3) the total number of votes cast for and against the
25 proposition; and
- 26 (4) the number of votes by which the proposition was
27 approved.

1 (b) If the application of the taxes that may be imposed
2 under this chapter is changed by the results of the election, the
3 county judge shall send to the comptroller by United States
4 certified or registered mail a certified copy of the resolution.

5 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

6 ~~Sec. 323.406.~~

7 Sec. 323.406. FREQUENCY OF ELECTION. An election under
8 this chapter in a county may not be held earlier than one year after
9 the date of any previous election under this chapter in the county.

10 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

11 ~~Sec. 323.407.~~

12 Sec. 323.407. ELECTION CONTEST: NOTICE. (a) If an
13 election held under this chapter is contested, the contestant shall
14 send to the comptroller by United States certified or registered
15 mail within 10 days after the filing of the contest a notice of
16 contest containing the style of the suit, the date it was filed, its
17 case number, and the name of the court in which the contest is
18 pending.

19 (b) A court may not hear an election contest of an election
20 held under this chapter unless the comptroller is notified within
21 the time and in the manner provided by this section.

22 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

23 ~~Sec. 323.408.~~

24 Sec. 323.408. ELECTION CONTEST: DELAYED EFFECTIVE DATE.

25 (a) When the comptroller receives a notice of contest of an
26 election under this chapter, the effective date of the tax or the
27 abolition of a tax is suspended.

1 (b) When a final judgment is entered in the election
2 contest, the county judge shall notify the comptroller by United
3 States certified or registered mail and enclose a certified copy of
4 the final judgment.

5 (c) If the final judgment in the election contest results in
6 a change in the tax status of the county under this chapter, the tax
7 or the abolition of the tax takes effect as provided by Section
8 323.102 except that the notice of the final judgment is substituted
9 for the notice of election results prescribed by Section 323.405.
10 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

11 SUBCHAPTER F. REVENUE DEPOSIT, DISTRIBUTION, AND USE

12 Sec. 323.501. TRUST ACCOUNT. (a) The comptroller shall
13 deposit the taxes collected by the comptroller under this chapter
14 in trust in the separate suspense account of the county from which
15 the taxes were collected.

16 ~~(b) Repealed by Acts 2003, 78th Leg., ch. 285, Sec. 31(45).~~

17 ~~(c) Repealed by Acts 2003, 78th Leg., ch. 285, Sec. 31(45).~~

18 ~~(d) Repealed by Acts 2003, 78th Leg., ch. 285, Sec. 31(45).~~

19 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

20 ~~Amended by Acts 1997, 75th Leg., ch. 1423, Sec. 19.126, eff. Sept.~~

21 ~~1, 1997; Acts 2003, 78th Leg., ch. 285, Sec. 31(45), eff. Sept. 1,~~

22 ~~2003.~~

23 ~~Sec. 323.502.~~

24 Sec. 323.502. DISTRIBUTION OF TRUST FUNDS. At least twice
25 during each state fiscal year and at other times as often as
26 feasible, the comptroller shall send to the county treasurer
27 payable to the county the county's share of the taxes collected by

1 the comptroller under this chapter.

2 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

3 ~~Sec. 323.503.~~

4 Sec. 323.503. STATE'S SHARE. Before sending any money to a
5 county under this subchapter the comptroller shall deduct two
6 percent of the amount of the taxes collected within the county
7 during the period for which a distribution is made as the state's
8 charge for its services under this chapter and shall, subject to
9 premiums payments under Section 323.501(c), credit the money
10 deducted to the general revenue fund.

11 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

12 ~~Sec. 323.504.~~

13 Sec. 323.504. AMOUNTS RETAINED IN TRUST ACCOUNT. (a) The
14 comptroller may retain in the suspense account of a county a portion
15 of the county's share of the tax collected for the county under this
16 chapter, not to exceed five percent of the amount remitted to the
17 county. If the county has abolished the tax, the amount that may be
18 retained may not exceed five percent of the final remittance to the
19 county at the time of the termination of the collection of the tax.

20 (b) From the amounts retained in a county's suspense
21 account, the comptroller may make refunds for overpayments to the
22 account and to redeem dishonored checks and drafts deposited to the
23 credit of the account.

24 (c) Before the expiration of one year after the effective
25 date of the abolition of a county's tax under this chapter the
26 comptroller shall send to the county the remainder of the money in
27 the county's account and shall close the account.

1 ~~Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

2 ~~Sec. 323.5041.~~

3 Sec. 323.5041. INTEREST ON TAX REVENUE. Interest earned on
4 all deposits made with the comptroller under this chapter,
5 including interest earned from the suspense accounts retained under
6 Section 323.504, shall be credited to the general revenue fund.

7 ~~Added by Acts 1989, 71st Leg., ch. 2, Sec. 14.18(a), eff. Aug. 28,~~
8 ~~1989. Amended by Acts 1997, 75th Leg., ch. 1423, Sec. 19.127, eff.~~
9 ~~Sept. 1, 1997.~~

10 ~~Sec. 323.505.~~ USE 323.508. PLEDGE OF TAX REVENUE. (a) ~~The~~
11 ~~money received by a county under this chapter is for the use and~~
12 ~~benefit of the county and shall be used for the replacement of~~
13 ~~property tax revenue lost as a result of the adoption of the taxes~~
14 ~~authorized by this chapter. Except as provided by Subsection (b),~~
15 ~~the revenue in excess of the revenue used to replace those property~~
16 ~~taxes shall be used for the reduction of indebtedness of the county.~~
17 ~~After all indebtedness is paid, the excess may be used for any~~
18 ~~purpose for which county general revenue may be used. A county may~~
19 ~~not~~ call and hold an election on the issue of authorizing the county
20 to pledge anticipated a percentage of the value added tax revenue
21 from this source received under Section 323.101 to secure the
22 payment of bonds or other indebtedness for a period longer than one
23 year obligations issued to fund needed infrastructure, development
24 and other capital projects located within or otherwise supporting
25 the county.

26 ~~(b) Revenue collected from the tax imposed under this chapter in~~
27 ~~each of the first three years in which the tax is imposed in the~~

~~1 county in excess of the amount determined as provided by Section
2 26.041(d) for each year shall be deposited in an account to be
3 called the excess sales tax revenue fund. During those three years,
4 revenue deposited in the excess sales tax revenue fund may be used
5 only if and to the extent that taxes or other revenues of the county
6 are collected in amounts less than anticipated. After that period,
7 the revenue in the fund may be used for any purpose for which county
8 general revenue may be used. The fund ceases to exist when all
9 revenue deposited in the fund has been spent.~~

~~10 Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.~~

~~11 Amended by Acts 1989, 71st Leg., ch. 2, Sec. 14.18(b), eff. Aug. 28,
12 1989; Acts 1991, 72nd Leg., ch. 16, Sec. 17.07, eff. Aug. 26, 1991.~~

~~13 Sec. 323.510. (b) The ballot at the election under this
14 section must be printed to permit voting for or against the
15 proposition: "Authorizing the County of _____ (insert name of
16 county) to pledge not more than _____ percent (insert percentage
17 not to exceed 25 percent) of the revenue received from the _____
18 (insert county value added tax) previously adopted in the county to
19 the payment of obligations issued to pay all or part of the costs of
20 _____ (insert description of each project)."~~

~~21 (c) If a majority of the voters vote in favor of the
22 proposition, the county may:~~

~~23 (1) issue bonds, notes, or other obligations that are
24 payable from the pledged revenues to pay for all or part of the
25 costs of the projects described in the proposition; and~~

~~26 (2) set aside the portion of the revenue approved at
27 the election that the county actually receives and pledge that~~

1 revenue as security for the payment of the bonds, notes, or other
2 obligations.

3 (d) If the county pledges revenue under Subsection (c), the
4 pledge and security interest shall continue while the bonds, notes,
5 or obligations, including refunding obligations, are outstanding
6 and unpaid.

7 (e) The county may direct the comptroller to deposit the
8 pledged revenue to a trust or account as may be required to obtain
9 the financing and to protect the related security interest.

10 (f) Sections 328.506 and 328.507 do not apply to taxes
11 pledged under this section.

12 Sec. 323.510. REALLOCATION OF COUNTY OR LOCAL GOVERNMENTAL
13 ENTITY TAX REVENUE. (a) In this section, "local governmental
14 entity" includes any governmental entity created by the legislature
15 that has a limited purpose or function, that has a defined or
16 restricted geographic territory, and that is authorized by law to
17 impose a local ~~sales and use~~ value added tax the imposition,
18 computation, administration, enforcement, and collection of which
19 is governed by this chapter.

20 (b) This section applies only if:

21 (1) the comptroller:

22 (A) reallocates local tax revenue from a county
23 or local governmental entity to another county or local
24 governmental entity; or

25 (B) refunds local tax revenue that was previously
26 allocated to a county or local governmental entity; and

27 (2) the amount the comptroller reallocates or refunds

1 is at least equal to the lesser of:

2 (A) \$200,000;

3 (B) an amount equal to 10 percent of the revenue
4 received by the county or local governmental entity under this
5 chapter during the calendar year preceding the calendar year in
6 which the reallocation or refund is made; or

7 (C) an amount that increases or decreases the
8 amount of revenue the county or local governmental entity receives
9 under this chapter during a calendar month by more than 15 percent
10 as compared to revenue received by the county or local governmental
11 entity during the same month in any previous year.

12 (c) Subject to the criteria provided by this section, a
13 county or local governmental entity may request a review of all
14 available ~~sales~~ value added tax returns and reports in the
15 comptroller's possession filed by not more than five individual
16 taxpayers doing business in the county or local governmental entity
17 that are included and identified by the county or local
18 governmental entity from the information received from the
19 comptroller under Section 323.3022 and that relate to a
20 reallocation or refund in an amount described by Subsection (b).

21 (d) The comptroller shall provide the returns and reports
22 requested under Subsection (c) for review regardless of whether the
23 information in the returns or reports is confidential under state
24 law, ~~including Sections 111.006 and 151.027.~~

25 (e) The provision of confidential information to a county or
26 local governmental entity under this section does not affect the
27 confidential nature of the information in the returns or reports. A

1 county or local governmental entity shall use the information only
2 in a manner that maintains the confidential nature of the
3 information and may not disclose or release the information to the
4 public.

5 (f) A county or local governmental entity must submit the
6 request under Subsection (c) not later than the 90th day after the
7 date the county or local governmental entity discovers a
8 reallocation or refund described by Subsection (b).

9 (g) Not earlier than the 30th day or later than the 90th day
10 after the date the comptroller receives a request under Subsection
11 (c), the comptroller shall provide the requested returns and
12 reports to the requesting county or local governmental entity for
13 review.

14 (h) The comptroller may set and collect from a county or
15 local governmental entity a reasonable fee to cover the expense of
16 compiling and providing information under this section.

17 ~~Added by Acts 2011, 82nd Leg., R.S., Ch. , Sec. 4, eff. September 1,~~
18 ~~2011.~~

19 TAX CODE

20 TITLE 3. LOCAL TAXATION

21 SUBTITLE C. LOCAL ~~SALES AND USE~~ VALUE ADDED TAXES

22 CHAPTER 324. COUNTY HEALTH SERVICES ~~SALES AND USE~~ VALUE ADDED TAX

23 SUBCHAPTER A. GENERAL PROVISIONS

24 Sec. 324.001. COUNTY ~~SALES AND USE~~ VALUE ADDED TAX ACT
25 APPLICABLE. Except to the extent that a provision of this chapter
26 applies, Chapter 323 applies to the tax authorized by this chapter
27 in the same manner as that chapter applies to the tax authorized by

1 that chapter.

2 ~~Added by Acts 1989, 71st Leg., 1st C.S., ch. 40, Sec. 7, eff. Sept.~~
3 ~~1, 1989.~~

4 SUBCHAPTER B. IMPOSITION OF TAX

5 Sec. 324.021. TAX AUTHORIZED. (a) A county having a
6 population of 50,000 or less may adopt, increase, decrease, or
7 abolish the ~~sales and use~~ value added tax authorized by this chapter
8 at an election held in the county.

9 (b) A county may not adopt or increase a tax under this
10 chapter if as a result of the adoption of or increase in the tax the
11 combined rate of all ~~sales and use~~ value added taxes imposed by the
12 county and other political subdivisions of this state having
13 territory in the county would exceed ~~two~~ three percent at any
14 location in the county.

15 (c) If the voters of a county approve the adoption of or the
16 increase in the tax at an election held on the same election date on
17 which another political subdivision adopts a ~~sales and use~~ value
18 added tax or approves the increase in the rate of its ~~sales and use~~
19 value added tax and as a result the combined rate of all ~~sales and~~
20 ~~use~~ value added taxes imposed by the county and other political
21 subdivisions of this state having territory in the county would
22 exceed ~~two~~ three percent at any location in the county, the election
23 to adopt a ~~sales and use~~ value added tax under this chapter or
24 increase the tax has no effect.

25 ~~Added by Acts 1989, 71st Leg., 1st C.S., ch. 40, Sec. 7, eff. Sept.~~
26 ~~1, 1989.~~

27 ~~Amended by:~~

1 ~~Acts 2005, 79th Leg., Ch. , Sec. 1, eff. June 17, 2005.~~

2 ~~Sec. 324.022.~~

3 Sec. 324.022. TAX RATE. (a) The tax authorized by this
4 chapter may be imposed at the rate of one-half, five-eighths,
5 three-fourths, seven-eighths, or one percent.

6 (b) The rate may be reduced in one or more increments of
7 one-eighth of one percent to a minimum of one-half of one percent or
8 increased in one or more increments of one-eighth of one percent to
9 a maximum of one percent, or the tax may be abolished.

10 ~~Added by Acts 1989, 71st Leg., 1st C.S., ch. 40, Sec. 7, eff. Sept.~~
11 ~~1, 1989.~~

12 ~~Amended by:~~

13 ~~Acts 2005, 79th Leg., Ch. , Sec. 2, eff. June 17, 2005.~~

14 ~~Sec. 324.023. SALES AND USE~~

15 Sec. 324.023. VALUE ADDED TAX EFFECTIVE DATE. (a) The
16 adoption, increase, decrease, or abolition of the tax takes effect
17 on the first day of the first calendar quarter occurring after the
18 expiration of the first complete calendar quarter occurring after
19 the date on which the comptroller receives a notice of the results
20 of the election.

21 (b) If the comptroller determines that an effective date
22 provided by Subsection (a) will occur before the comptroller can
23 reasonably take the action required to begin collecting the tax or
24 to implement the increase, decrease, or abolition of the tax, the
25 effective date may be extended by the comptroller until the first
26 day of the next succeeding calendar quarter.

27 ~~Added by Acts 1989, 71st Leg., 1st C.S., ch. 40, Sec. 7, eff. Sept.~~

1 ~~1, 1989.~~

2 ~~Amended by:~~

3 ~~Acts 2005, 79th Leg., Ch., Sec. 3, eff. June 17, 2005.~~

4 SUBCHAPTER C. TAX ELECTION PROCEDURES

5 Sec. 324.061. ELECTION PROCEDURE. (a) An election to
6 adopt, increase, decrease, or abolish the tax authorized by this
7 chapter is called by the adoption of an order by the commissioners
8 court of the county. The commissioners court shall call an election
9 if a number of qualified voters of the county equal to at least five
10 percent of the number of registered voters in the county petitions
11 the commissioners court to call the election.

12 (b) At an election to adopt the tax, the ballot shall be
13 prepared to permit voting for or against the proposition: "The
14 adoption of a local ~~sales and use~~ value added tax in (name of
15 county) at the rate of _____ (one-half, five-eighths,
16 three-fourths, seven-eighths, or one, to be inserted as
17 appropriate) percent to provide revenue for health services in the
18 county."

19 (b-1) At an election to increase or decrease the tax, the
20 ballot shall be prepared to permit voting for or against the
21 proposition: "The (increase or decrease) of the local ~~sales and use~~
22 value added tax in (name of county) to the rate of _____
23 (one-half, five-eighths, three-fourths, seven-eighths, or one, to
24 be inserted as appropriate) percent to provide revenue for health
25 services in the county."

26 (c) At an election to abolish the tax, the ballot shall be
27 prepared to permit voting for or against the proposition: "The

1 abolition of the local health services ~~sales and use~~ value added tax
2 in (name of county)."

3 ~~Added by Acts 1989, 71st Leg., 1st C.S., ch. 40, Sec. 7, eff. Sept.~~
4 ~~1, 1989.~~

5 ~~Amended by:~~

6 ~~Acts 2005, 79th Leg., Ch., Sec. 4, eff. June 17, 2005.~~

7 SUBCHAPTER D. USE OF TAX REVENUE

8 Sec. 324.081. USE OF TAX REVENUE. Revenue from the tax
9 imposed under this chapter may be used only to provide health
10 services in the county. The county imposing the tax may allocate
11 all or part of that revenue to:

12 (1) a county hospital authority or a hospital district
13 having the same boundaries as the county; or

14 (2) a public health district in which the county
15 participates.

16 ~~Added by Acts 1989, 71st Leg., 1st C.S., ch. 40, Sec. 7, eff. Sept.~~
17 ~~1, 1989.~~

18 TAX CODE

19 TITLE 3. LOCAL TAXATION

20 SUBTITLE C. LOCAL ~~SALES AND USE~~ VALUE ADDED TAXES

21 CHAPTER 325. COUNTY ~~SALES AND USE~~ VALUE ADDED TAX FOR LANDFILL AND

22 CRIMINAL DETENTION CENTER

23 SUBCHAPTER A. GENERAL PROVISIONS

24 Sec. 325.001. COUNTY ~~SALES AND USE~~ VALUE ADDED TAX ACT
25 APPLICABLE. Except to the extent that a provision of this chapter
26 applies, Chapter 323 applies to the tax authorized by this chapter
27 in the same manner as that chapter applies to the tax authorized by

1 that chapter.

2 ~~Added by Acts 1995, 74th Leg., ch. 39, Sec. 1, eff. May 5, 1995.~~

3 SUBCHAPTER B. IMPOSITION OF TAX

4 Sec. 325.021. TAX AUTHORIZED. (a) A county having a
5 population of 55,000 or less that borders the Rio Grande containing
6 a municipality with a population of more than 22,000 may adopt or
7 abolish the ~~sales and use~~ value added tax authorized by this chapter
8 at an election held in the county.

9 (b) A county may not adopt a tax under this chapter if as a
10 result of the adoption of the tax the combined rate of all ~~sales and~~
11 ~~use~~ value added taxes imposed by the county and other political
12 subdivisions of this state having territory in the county would
13 exceed ~~two~~ three percent at any location in the county.

14 (c) If the voters of a county approve the adoption of the tax
15 at an election held on the same election date on which another
16 political subdivision adopts a ~~sales and use~~ value added tax or
17 approves the increase in the rate of its ~~sales and use~~ value added
18 tax and as a result the combined rate of all ~~sales and use~~ value
19 added taxes imposed by the county and other political subdivisions
20 of this state having territory in the county would exceed ~~two~~ three
21 percent at any location in the county, the election to adopt a ~~sales~~
22 ~~and use~~ value added tax under this chapter has no effect.

23 (d) That portion of the tax collected under this chapter
24 necessary for the operation of the landfill is dedicated solely to
25 that purpose.

26 (e) That portion of the tax collected under this chapter
27 necessary for debt services for criminal detention center bonds is

1 dedicated solely to that purpose.

2 ~~(f) Any tax collected under this chapter not dedicated under~~
3 ~~Subsection (d) or (e) shall be used for ad valorem reduction.~~

4 (f) RESERVED

5 (g) The dedication established under Subsection (d) expires
6 when the landfill is sold or closed. The dedication established
7 under Subsection (e) expires when the criminal detention center
8 bonds are retired.

9 (h) If the commissioners court adopts an order finding that
10 the purposes for which the dedications made under Subsections (d)
11 and (e) have been accomplished, the tax authorized by this chapter
12 is abolished.

13 ~~Added by Acts 1995, 74th Leg., ch. 39, Sec. 1, eff. May 5, 1995.~~

14 ~~Amended by Acts 2001, 77th Leg., ch. 669, Sec. 121, eff. Sept. 1,~~
15 ~~2001.~~

16 ~~Amended by:~~

17 ~~Acts 2011, 82nd Leg., R.S., Ch. , Sec. 119, eff. September 1, 2011.~~

18 ~~Sec. 325.022.~~ 325.022. TAX RATE. The rate of the tax
19 authorized by this chapter is one quarter ~~half~~ percent.

20 ~~Added by Acts 1995, 74th Leg., ch. 39, Sec. 1, eff. May 5, 1995.~~

21 ~~Sec. 325.023.~~ SALES AND USE

22 Sec. 325.023. VALUE ADDED TAX EFFECTIVE DATE. (a) The
23 adoption or abolition of the tax takes effect on the first day of
24 the first calendar quarter occurring after the expiration of the
25 first complete calendar quarter occurring after the date on which
26 the comptroller receives a notice of the results of the election.

27 (b) If the comptroller determines that an effective date

1 provided by Subsection (a) will occur before the comptroller can
2 reasonably take the action required to begin collecting the tax or
3 to implement the abolition of the tax, the effective date may be
4 extended by the comptroller until the first day of the next
5 succeeding calendar quarter.

6 ~~Added by Acts 1995, 74th Leg., ch. 39, Sec. 1, eff. May 5, 1995.~~

7 SUBCHAPTER C. TAX ELECTION PROCEDURES

8 Sec. 325.061. ELECTION PROCEDURE. (a) An election to adopt
9 or abolish the tax authorized by this chapter is called by the
10 adoption of an order by the commissioners court of the county. The
11 commissioners court may call an election on its own motion or shall
12 call an election if a number of qualified voters of the county equal
13 to at least five percent of the number of registered voters in the
14 county petition the commissioners court to call the election. An
15 election under this chapter must be held on the next uniform
16 election date not less than 10 days after the day on which the order
17 calling the election was passed.

18 (b) At an election to adopt the tax, the ballot shall be
19 prepared to permit voting for or against the proposition: "The
20 adoption of a local ~~sales and use~~ value added tax in (name of
21 county) at the rate of one-quarter ~~half~~ percent to provide revenue
22 for the operation of a county landfill and a criminal detention
23 center."

24 (c) At an election to abolish the tax, the ballot shall be
25 prepared to permit voting for or against the proposition: "The
26 abolition of the ~~sales and use~~ value added tax for the operation of
27 a county landfill and a criminal detention center in (name of

1 county)."

2 (d) The commissioners court shall modify regular election
3 procedures as necessary to hold an election on a day permitted under
4 Subsection (a).

5 ~~Added by Acts 1995, 74th Leg., ch. 39, Sec. 1, eff. May 5, 1995.~~

6 SUBCHAPTER D. USE OF TAX REVENUE

7 Sec. 325.081. USE OF TAX REVENUE. Revenue from the tax
8 imposed under this chapter may be used only to build, operate, or
9 maintain a landfill and a criminal detention center in the county.

10 ~~Added by Acts 1995, 74th Leg., ch. 39, Sec. 1, eff. May 5, 1995.~~

11 TAX CODE

12 TITLE 3. LOCAL TAXATION

13 SUBTITLE C. LOCAL ~~SALES AND USE~~ VALUE ADDED TAXES

14 CHAPTER 327. MUNICIPAL ~~SALES AND USE~~ VALUE ADDED TAX FOR STREET

15 MAINTENANCE

16 Sec. 327.001. DEFINITION. In this chapter, "municipal
17 street" means the entire width of a way held by a municipality in
18 fee or by easement or dedication that has a part open for public use
19 for vehicular travel. The term does not include a designated state
20 or federal highway or road or a designated county road.

21 ~~Added by Acts 2001, 77th Leg., ch. 464, Sec. 1, eff. June 11, 2001.~~

22 ~~Sec. 327.002.~~ 327.002. MUNICIPAL ~~SALES AND USE~~ VALUE ADDED
23 TAX ACT APPLICABLE. Except to the extent that a provision of this
24 chapter applies, Chapter 321 applies to the tax authorized by this
25 chapter in the same manner as that chapter applies to the tax
26 authorized by that chapter.

27 ~~Added by Acts 2001, 77th Leg., ch. 464, Sec. 1, eff. June 11, 2001.~~

1 ~~Sec. 327.003.~~

2 Sec. 327.003. TAX AUTHORIZED. (a) A municipality may adopt
3 the ~~sales and use~~ value added tax authorized by this chapter at an
4 election held in the municipality.

5 (b) A municipality may not adopt a tax under this chapter or
6 increase the rate of the tax if as a result of the adoption of the
7 tax or the increase in the rate of the tax the combined rate of all
8 ~~sales and use~~ value added taxes imposed by the municipality and
9 other political subdivisions of this state having territory in the
10 municipality would exceed ~~two~~ three percent at any location in the
11 municipality.

12 (c) If the voters of a municipality approve the adoption of
13 the tax or the increase in the rate of the tax at an election held on
14 the same election date on which another political subdivision
15 adopts a ~~sales and use~~ value added tax or approves the increase in
16 the rate of its ~~sales and use~~ value added tax and as a result the
17 combined rate of all ~~sales and use~~ value added taxes imposed by the
18 municipality and other political subdivisions of this state having
19 territory in the municipality would exceed ~~two~~ three percent at any
20 location in the municipality, the election to adopt a ~~sales and use~~
21 value added tax under this chapter has no effect.

22 ~~Added by Acts 2001, 77th Leg., ch. 464, Sec. 1, eff. June 11, 2001.~~

23 ~~Amended by Acts 2003, 78th Leg., ch. 403, Sec. 1, eff. June 20,~~

24 ~~2003.~~

25 ~~Sec. 327.004.~~ 327.004. TAX RATE. The tax authorized by this
26 chapter may be imposed at the rate of one-eighth of one percent ~~or~~
27 ~~one-fourth of one percent.~~

1 ~~Added by Acts 2001, 77th Leg., ch. 464, Sec. 1, eff. June 11,~~
2 ~~2001. Amended by Acts 2003, 78th Leg., ch. 403, Sec. 2, eff. June~~
3 ~~20, 2003.~~

4 ~~Sec. 327.005. SALES AND USE~~

5 Sec. 327.005. VALUE ADDED TAX EFFECTIVE DATE. (a) The
6 adoption of the tax or the change in the rate of the tax takes effect
7 on the first day of the first calendar quarter occurring after the
8 expiration of the first complete calendar quarter occurring after
9 the date on which the comptroller receives notice of the results of
10 the election.

11 (b) If the comptroller determines that an effective date
12 provided by Subsection (a) will occur before the comptroller can
13 reasonably take the action required to begin collecting the tax,
14 the effective date may be extended by the comptroller until the
15 first day of the next succeeding calendar quarter.

16 ~~Added by Acts 2001, 77th Leg., ch. 464, Sec. 1, eff. June 11, 2001.~~
17 ~~Amended by Acts 2003, 78th Leg., ch. 403, Sec. 3, eff. June 20,~~
18 ~~2003.~~

19 ~~Sec. 327.006.~~ 327.006. ELECTION PROCEDURE. (a) An election
20 to adopt the tax authorized by this chapter is called by the
21 adoption of an ordinance by the governing body of the municipality.

22 (b) At an election to adopt the tax, the ballot shall be
23 prepared to permit voting for or against the proposition: "The
24 adoption of a local ~~sales and use~~ value added tax in (name of
25 municipality) at the rate of (~~insert~~ one-eighth of one percent ~~or~~
26 ~~one-fourth of one percent~~) to provide revenue for maintenance and
27 repair of municipal streets."

1 (c) At an election to abolish the tax, the ballot shall be
2 prepared to permit voting for or against the proposition: "The
3 abolition of the value added tax in (name of municipality) for the
4 maintenance and repair of municipal streets."

5 ~~Added by Acts 2001, 77th Leg., ch. 464, Sec. 1, eff. June 11, 2001.~~

6 ~~Amended by Acts 2003, 78th Leg., ch. 403, Sec. 4, eff. June 20,~~
7 ~~2003.~~

8 ~~Sec. 327.0065. RATE CHANGE. (a) A municipality that has~~
9 ~~adopted a sales and use tax under this chapter at a rate of~~
10 ~~one-fourth of one percent may by ordinance decrease the rate of the~~
11 ~~tax to one-eighth of one percent.~~

12 ~~(b) A municipality that has adopted a sales and use tax~~
13 ~~under this chapter at a rate of one-eighth of one percent may by~~
14 ~~ordinance increase the rate of the tax to one-fourth of one percent~~
15 ~~if the increase is authorized at an election held in the~~
16 ~~municipality.~~

17 ~~(c) The ballot for an election to increase the tax shall be~~
18 ~~printed to permit voting for or against the proposition: "The~~
19 ~~adoption of a local sales and use tax in (name of municipality) at~~
20 ~~the rate of one-fourth of one percent to provide revenue for~~
21 ~~maintenance and repair of municipal streets."~~

22 ~~Added by Acts 2003, 78th Leg., ch. 403, Sec. 5, eff. June 20, 2003.~~

23 ~~Sec. 327.007. 327.007. REAUTHORIZATION OF TAX. (a) Unless~~
24 ~~imposition of the sales and use value added tax authorized by this~~
25 ~~chapter is reauthorized as provided by this section, the tax~~
26 ~~expires on:~~

27 (1) the fourth anniversary of the date the tax originally

1 took effect under Section 327.005; or

2 (2) the first day of the first calendar quarter occurring
3 after the fourth anniversary of the date the tax was last
4 reauthorized under this section.

5 (b) An election to reauthorize the tax is called and held in
6 the same manner as an election to adopt the tax under Section
7 327.006, except the ballot proposition shall be prepared to permit
8 voting for or against the proposition: "The reauthorization of the
9 local ~~sales and use~~ value added tax in (name of municipality) at the
10 rate of (insert appropriate rate) to continue providing revenue for
11 maintenance and repair of municipal streets."

12 (c) If an election to reauthorize the tax is not held before
13 the tax expires as provided by Subsection (a), or if a majority of
14 the votes cast in an election to reauthorize the tax do not favor
15 reauthorization, the municipality may not call an election on the
16 question of authorizing a new tax under this chapter before the
17 first anniversary of the date on which the tax expired.

18 (d) Not later than the 10th day after the date the
19 municipality determines that the tax will expire as provided by
20 Subsection (a), the municipality shall notify the comptroller of
21 the scheduled expiration. The comptroller may delay the scheduled
22 expiration date if the comptroller notifies the municipality that
23 more time is required. The comptroller must provide a new
24 expiration date that is not later than the last day of the first
25 calendar quarter occurring after the notification to the
26 comptroller.

27 ~~Added by Acts 2001, 77th Leg., ch. 464, Sec. 1, eff. June 11, 2001.~~

1 ~~Amended by Acts 2003, 78th Leg., ch. 403, Sec. 6, eff. June 20,~~
2 ~~2003.~~

3 ~~Sec. 327.008.~~

4 Sec. 327.008. USE OF TAX REVENUE. Revenue from the tax
5 imposed under this chapter may be used only to maintain and repair
6 municipal streets existing on the date of the election to adopt the
7 tax.

8 TAX CODE

9 TITLE 3. LOCAL TAXATION

10 SUBTITLE C. LOCAL VALUE ADDED TAXES

11 CHAPTER 328. SCHOOL DISTRICT ENRICHMENT VALUE ADDED TAX

12 SUBCHAPTER A. GENERAL PROVISIONS

13 Sec. 328.001. SHORT TITLE. This chapter may be cited as the
14 Texas School District Enrichment Value Added Tax Act.

15 Sec. 328.002. DEFINITIONS. Words used in this chapter and
16 defined by Chapter 220 have the meanings assigned by Chapter 220.

17 Sec. 328.003. OTHER PORTIONS OF TAX APPLICABLE. Subtitles
18 A and B, Title 2, and Chapter 220 apply to the taxes and to the
19 administration and enforcement of the taxes imposed by this chapter
20 in the same manner that those laws apply to state taxes, unless
21 modified by this chapter.

22 SUBCHAPTER B. IMPOSITION OF VALUE ADDED TAXES BY SCHOOL DISTRICTS

23 Sec. 328.101. TAX AUTHORIZED. A school district may adopt
24 or repeal a value added tax authorized by this chapter at an
25 election in which a majority of the qualified voters of the school
26 district approve the adoption or repeal of the tax.

27 Sec. 328.102. EFFECTIVE DATES: NEW TAX, TAX REPEAL,

1 BOUNDARY CHANGE. (a) A tax imposed under this chapter or the
2 repeal of a tax abolished under this chapter takes effect on the
3 first day of the first calendar quarter occurring after the
4 expiration of the first complete calendar quarter occurring after
5 the date on which the comptroller receives a notice of the action as
6 required by Section 328.405(b).

7 (b) RESERVED

8 (c) If a school district in which the tax imposed under this
9 chapter is in effect changes its boundaries, the school district
10 secretary shall send by United States registered or certified mail
11 to the comptroller a certified copy of the legal instrument that
12 adds or detaches school district territory and that shows the
13 effective date of the boundary change. The instrument must be
14 accompanied by a map clearly showing the added or detached
15 territory. Except as provided by Subsection (d), the tax takes
16 effect in the added territory or is inapplicable to the detached
17 territory on the first day of the first calendar quarter after the
18 comptroller receives the ordinance and map.

19 (d) If, within 10 days after the receipt of the certified
20 copy and map sent under Subsection (c), the comptroller notifies
21 the secretary of the school district that more time is required, the
22 effective date of the application of the tax in the added or
23 detached area is the first day of the first calendar quarter after
24 the expiration of the first complete calendar quarter occurring
25 after the date on which the comptroller receives the ordinance and
26 map.

27 (e) If as a result of the imposition or increase in a value

1 added tax by a school district in which there is located all or part
2 of a local governmental entity (other than a county or school
3 district) that has adopted a value added tax or as a result of the
4 annexation by a school district of all or part of the territory in a
5 local governmental entity (other than a county or school district)
6 that has adopted a value added tax the overlapping local value added
7 taxes in the area will exceed three percent, the entity's value
8 added tax is automatically reduced in that area to a rate that when
9 added to the combined rate of local value added taxes will equal
10 three percent.

11 (f) If an entity's rate is reduced in accordance with
12 Subsection (e), the comptroller shall withhold from the school
13 district's quarterly value added tax allocation an amount equal to
14 the amount that would have been collected by the entity had the
15 school district not imposed or increased its value added tax or
16 annexed the area in the entity less amounts that the entity collects
17 following the school district's levy of or increase in its value
18 added tax or annexation of the area in the entity. The comptroller
19 shall withhold and pay the amount withheld to the entity under
20 policies or procedures that the comptroller considers reasonable.

21 Sec. 328.103. VALUE ADDED TAX. In a school district that
22 has adopted the tax authorized by Section 328.101(a), there is
23 imposed a value added tax on the supply in that school district of
24 any service or property by any person in the ordinary course of a
25 trade or business in which the person engages for the purpose of
26 profit.

27 (b) The tax so adopted is imposed at the rate approved by the

1 voters. The rate, when the tax is adopted, must be equal to a
2 minimum of one-eighth of one percent, up to a maximum of one-half
3 percent, or at any one-eighth percentage point increment
4 in-between. The rate may be reduced in one or more increments of
5 one-eighth of one percent to a minimum of one-eighth of one percent
6 or increased in one or more increments of one-eighth of one percent
7 to a maximum of one-half of one percent, or the tax may be
8 abolished.

9 (c) The exemptions and exclusions of Chapter 220,
10 Subchapters D and E apply equally to the determination of taxable
11 receipts for purposes of any school district value added tax.

12 (d) The comptroller may adopt rules and the governing body
13 of the school district may adopt orders to administer this section.

14 SUBCHAPTER C. COMPUTATION OF TAXES

15 Sec. 328.201. COMPUTATION OF TAXES. (a) Each taxpayer in a
16 school district that has adopted a tax authorized by this chapter
17 shall add each value added tax imposed by a local taxing unit under
18 this chapter and by Chapter 220 to the supply price, and the sum of
19 the taxes is a part of the price, a debt of the customer to the
20 taxpayer until paid, and recoverable at law in the same manner as
21 the supply price.

22 (b) The amount of the total tax is computed by multiplying
23 the combined applicable tax rates, by the amount of the supply
24 price. If the product results in a fraction of a cent less than
25 one-half of one cent, the fraction of a cent is not collected. If
26 the fraction of a cent is one-half of one cent or more, the fraction
27 shall be collected as one cent.

1 (c) The comptroller may publish schedules and brackets of
2 amounts of taxes based on the formula provided by Subsection (b) for
3 use in school districts that have adopted the taxes authorized by
4 this chapter.

5 Sec. 328.202. RESERVED

6 Sec. 328.203. RESERVED

7 Sec. 328.204. COMPUTATION OF TAX. In each school district
8 that has adopted the taxes authorized by this chapter, the taxes
9 imposed by Section 328.104(a) and the tax imposed by Chapter 220,
10 are added together to form a single combined tax rate.

11 Sec. 328.205. RESERVED

12 Sec. 328.206. RESERVED

13 Sec. 328.207. LOCAL TAX INAPPLICABLE WHEN NO STATE TAX;
14 EXCEPTIONS. (a) The value added tax authorized by this chapter
15 does not apply to the supply of services or property unless the
16 value added tax imposed by Chapter 220, also applies to the sale.

17 Sec. 328.208. STATE EXEMPTIONS APPLICABLE. The exemptions
18 and exclusions provided by Subchapters D and E of Chapter 220 apply
19 to the taxes authorized by this chapter.

20 Sec. 328.209. TRANSITION EXEMPTION: GENERAL PURPOSE VALUE
21 ADDED TAX. (a) For a period of three years only after the effective
22 date of the tax authorized by Section 328.101(a) in a school
23 district, otherwise taxable receipts from the supply of services or
24 property are exempt from the tax imposed by the school district
25 under Section 328.101(a) if the notice required by Subsection (b)
26 is given and if:

27 (1) the services and/or property are supplied for the

1 performance of a written contract entered into before the effective
2 date of the tax imposed under Section 328.101(a) in the school
3 district if the contract may be affected and the contract may not be
4 modified because of the tax; or

5 (2) the services and/or property are supplied under
6 the obligation of a bid submitted before the effective date of the
7 tax imposed under Section 328.101(a) in the school district if the
8 contract may be affected and the bid may not be withdrawn or
9 modified because of the tax.

10 (b) The taxpayer must give the comptroller notice of the
11 contract or bid on which an exemption is to be claimed within 60
12 days after the effective date of the tax imposed under Section
13 328.101(a) in the school district.

14 SUBCHAPTER D. ADMINISTRATION OF TAXES

15 Sec. 328.301. COMPTROLLER TO COLLECT AND ADMINISTER TAXES.

16 The comptroller shall administer, collect, and enforce any tax
17 imposed by a school district under this chapter. The taxes imposed
18 under this chapter and the taxes imposed under Chapter 220 shall be
19 collected together, if both taxes are imposed.

20 Sec. 328.302. COMPTROLLER'S REPORTING DUTIES. (a) The
21 comptroller shall make quarterly reports to a school district that
22 has adopted the taxes authorized by this chapter if the school
23 district requests the reports. A report must include the name,
24 address, and account number of each person in the school district
25 that has remitted to the comptroller a tax payment during the
26 quarter covered by the report.

27 (b) If a school district requests an additional report, the

1 comptroller shall make an additional quarterly report to the school
2 district including the name, address, and account number, if any,
3 of, and the amount of tax due from, each person doing business in
4 the school district who has failed to pay the tax under this chapter
5 to the school district or under Chapter 220. The additional report
6 must also include statements:

7 (1) showing whether or not there has been a partial tax
8 payment by the delinquent taxpayer;

9 (2) showing whether or not the taxpayer is delinquent
10 in the payment of value added taxes to the state; and

11 (3) describing the steps taken by the comptroller to
12 collect the delinquent taxes.

13 (c) If a school district determines that a person doing
14 business in the school district is not included in a comptroller's
15 report, the school district shall report to the comptroller the
16 name and address of the person. Within 90 days after receiving the
17 report from a school district, the comptroller shall send to the
18 school district:

19 (1) an explanation as to why the person is not
20 obligated for the school district tax;

21 (2) a statement that the person is obligated for the
22 school district tax and the tax is delinquent; or

23 (3) a certification that the person is obligated for
24 the school district tax and that the full amount of the tax due has
25 been credited to the school district's account.

26 (d) The comptroller shall send by United States certified or
27 registered mail to the school district tax collector a notice of

1 each person who is delinquent in the payment to the school district
2 of the taxes authorized by this chapter and shall send a copy of the
3 notice to the attorney general. A notice sent under this subsection
4 is a certification of the amount of tax owed and is prima facie
5 evidence of a determination of that amount and of its delinquency.

6 Sec. 328.3025. DISPOSITION OF AMOUNT ERRONEOUSLY
7 COLLECTED. (a) If in a territory added to a school district a
8 taxpayer erroneously collects an amount as a tax imposed under this
9 chapter before the date the taxes imposed under this chapter by the
10 school district take effect in the added territory under Section
11 328.102, the amount collected is treated as if it were revenue from
12 the taxes imposed by the school district under this chapter, and the
13 comptroller shall collect and administer the amount in the same
14 manner as tax revenue.

15 (b) This section does not affect the right of a person who
16 paid an amount erroneously collected by a taxpayer to claim a refund
17 or the authority of the comptroller to make a refund of that amount.

18 Sec. 328.304. DISCOUNTS FOR PREPAYMENT AND TAX COLLECTION.
19 All discounts allowed a taxpayer under Chapter 220 for the
20 collection and prepayment of the taxes under that chapter are
21 allowed and applicable to the taxes collected under this chapter.

22 Sec. 328.305. PENALTIES. The penalties provided by Chapter
23 220 for violations of that chapter apply to violations of this
24 chapter.

25 Sec. 328.306. COMPTROLLER'S RULES. The comptroller may
26 adopt reasonable rules and prescribe forms that are consistent with
27 this chapter for the administration, collection, reporting, and

1 enforcement of this chapter.

2 Sec. 328.307. DELINQUENT TAXES: LIMITATIONS. The
3 limitations for the bringing of a suit for the collection of a tax
4 imposed or a penalty due under this chapter after the tax and
5 penalty are delinquent or after a determination against the
6 taxpayer are the same as limitations provided by Chapter 220.

7 Sec. 328.308. SEIZURE AND SALE OF PROPERTY. If the
8 comptroller lawfully seizes property for the payment of the taxes
9 imposed under Chapter 220 and the property owner is delinquent in
10 the payment of taxes under this chapter, the comptroller shall sell
11 sufficient property to pay the delinquent taxes and penalties of
12 both taxes. The proceeds of a sale of seized property shall first
13 be applied to the payment of amounts due the state and the
14 remainder, if any, to the amounts due to the school district to
15 which the taxes are due.

16 Sec. 328.309. SUIT FOR TAX COLLECTION. (a) A school
17 district acting through its attorney may join as a plaintiff in any
18 suit brought by the attorney general to seek a judgment for
19 delinquent taxes and penalties due to the school district under
20 this chapter.

21 (b) A school district may bring suit for the collection of
22 taxes owed to the school district under this chapter if:

23 (1) the taxes are certified by the comptroller in the
24 notice required by Section 328.302(d);

25 (2) a written notice of the tax delinquency and the
26 school district's intention to bring suit is given by certified
27 mail to the taxpayer, the attorney general, and the comptroller at

1 least 60 days before the suit is filed; and

2 (3) neither the comptroller nor the attorney general
3 disapproves of the suit.

4 Sec. 328.310. DISAPPROVAL OF SCHOOL DISTRICT SUIT. (a) The
5 comptroller or the attorney general may disapprove of the
6 institution of a suit by a school district under Section 328.309(b)
7 if:

8 (1) negotiations between the state and the taxpayer
9 are being conducted for the purpose of the collection of delinquent
10 taxes owed to the state and the school district seeking to bring
11 suit;

12 (2) the taxpayer owes substantial taxes to the state
13 and there is a reasonable possibility that the taxpayer may be
14 unable to pay the total amount owed;

15 (3) the state will bring suit against the taxpayer for
16 all taxes due under Chapter 220 and this chapter; or

17 (4) the suit involves a critical legal question
18 relating to the interpretation of state law or a provision of the
19 Texas or United States constitution in which the state has an
20 overriding interest.

21 (b) A notice of disapproval to a school district must be in
22 writing and give the reason for the determination by the
23 comptroller or attorney general.

24 (c) A disapproval is final and not subject to review.

25 (d) Not earlier than one year after the date of a
26 disapproval of the institution of a school district collection
27 suit, the school district may again proceed as provided by Section

1 328.309(b) even though the liability of the taxpayer includes taxes
2 for which the school district has previously given notice and the
3 comptroller or attorney general has disapproved of the suit.

4 Sec. 328.311. JUDGMENTS IN SCHOOL DISTRICT SUIT. (a) A
5 judgment in a suit under Section 328.309(b) for or against a
6 taxpayer does not affect a claim against the taxpayer by another
7 school district or the state unless the state is party to the suit.

8 (b) A school district shall abstract a copy of each final
9 judgment for taxes imposed under this chapter in a case in which the
10 state is not a party and shall send to the comptroller a copy of the
11 judgment and the abstract.

12 (c) A school district shall by execution collect the taxes
13 awarded to it in each judgment received by the school district and
14 is responsible for the renewal of the judgment before its
15 expiration.

16 (d) The school district shall notify the comptroller by
17 certified mail of the amount of any taxes collected on the judgment.

18 Sec. 328.312. RETENTION OF CERTAIN SCHOOL DISTRICT VALUE
19 ADDED TAXES. A school district that holds a value added tax permit
20 issued by the comptroller and that imposes a value added tax may
21 retain the portion of the tax that the school district collects and
22 that constitutes the school district's own tax. The school
23 district shall remit to the comptroller all other applicable local
24 value added taxes and the state value added tax.

25 SUBCHAPTER E. TAX ELECTION PROCEDURES

26 Sec. 328.401. CALLING OF ELECTION. (a) An election under
27 this chapter is called by the adoption of a resolution by the

1 governing body of a school district.

2 (b) The governing body may call the election by a vote of a
3 majority of its members.

4 (c) The governing body shall call the election if a number
5 of qualified voters of the school district equal to at least 20
6 percent of the number of votes cast in the most recent regular
7 school district election petitions the governing body for a vote on
8 the question.

9 (d) RESERVED

10 (e) RESERVED

11 Sec. 328.402. DEADLINES AFTER PETITION. (a) After the
12 receipt of a petition for an election under this chapter, the
13 governing body of a school district shall determine the sufficiency
14 of the petition within 30 days.

15 (b) If the petition is sufficient, the governing body shall
16 pass the ordinance calling the election within 60 days after
17 receiving the petition.

18 Sec. 328.403. TIME OF ELECTION. (a) An election under this
19 chapter to adopt the tax authorized under Section 328.101(a) must
20 be held on the first succeeding uniform election date for which
21 sufficient time elapses for the holding of an election.

22 (b) An election on the approval of the additional school
23 district value added tax must be held on the next succeeding uniform
24 election date not less than 30 days after the passage of the
25 ordinance calling the election.

26 Sec. 328.404. BALLOT WORDING. (a) In an election to adopt
27 the tax, the ballot shall be printed to provide for voting for or

1 against the applicable proposition: "A one half percent value
2 added tax is adopted within the [insert name of] district."

3 (b) In an election to repeal the tax, the ballot shall be
4 printed to provide for voting for or against the applicable
5 proposition: "The local school district value added tax within the
6 district is abolished" or "The abolition of the additional school
7 district value added tax within the district."

8 Sec. 328.405. OFFICIAL RESULTS OF ELECTION. (a) Within 10
9 days after an election in which the voters approve of the adoption
10 or abolition of a tax authorized by this chapter, the governing body
11 of the school district shall by resolution or ordinance entered in
12 its minutes of proceedings, declare the results of the election. A
13 resolution or ordinance under this section must include statements
14 showing:

- 15 (1) the date of the election;
16 (2) the proposition on which the vote was held;
17 (3) the total number of votes cast for and against the
18 proposition; and
19 (4) the number of votes by which the proposition was
20 approved.

21 (b) If the application of the taxes that may be imposed
22 under this chapter is changed by the results of the election, the
23 school district secretary shall send to the comptroller by United
24 States certified or registered mail a certified copy of the
25 resolution or the ordinance along with a map of the school district
26 clearly showing its boundaries.

27 Sec. 328.406. FREQUENCY OF ELECTION. An election under

1 this chapter in a school district may not be held earlier than one
2 year after the date of any previous election under this chapter in
3 the school district.

4 Sec. 328.407. ELECTION CONTEST: NOTICE. (a) If an
5 election held under this chapter is contested, the contestant shall
6 send to the comptroller by United States certified or registered
7 mail within 10 days after the filing of the contest a notice of
8 contest containing the style of the suit, the date it was filed, its
9 case number, and the name of the court in which the contest is
10 pending.

11 (b) A court may not hear an election contest of an election
12 held under this chapter unless the comptroller is notified within
13 the time and in the manner provided by this section.

14 Sec. 328.408. ELECTION CONTEST: DELAYED EFFECTIVE DATE.
15 (a) When the comptroller receives a notice of contest of an
16 election under this chapter, the effective date of the tax or the
17 abolition of a tax is suspended.

18 (b) When a final judgment is entered in the election
19 contest, the school district secretary shall notify the comptroller
20 by United States certified or registered mail and enclose a
21 certified copy of the final judgment.

22 (c) If the final judgment in the election contest results in
23 a change in the tax status of the school district under this
24 chapter, the tax or the abolition of the tax takes effect as
25 provided by Section 328.102 except that the notice of the final
26 judgment is substituted for the notice of election results
27 prescribed by Section 328.405.

1 Sec. 328.409. COMBINED SCHOOL DISTRICT VALUE ADDED TAX
2 BALLOT PROPOSITIONS. (a) Notwithstanding any provisions of this
3 code or other state law, a school district may by a combined ballot
4 proposition lower or repeal any dedicated or special purpose school
5 district value added tax, including the additional value added tax
6 for property tax relief, and by the same proposition raise or adopt
7 any other dedicated or special purpose school district value added
8 tax, including the additional value added tax for property tax
9 relief.

10 (b) A combined value added tax proposition under this
11 section shall contain substantially the same language, if any,
12 required by law for the lowering, repealing, raising, or adopting
13 of each tax as appropriate.

14 (c) A negative vote on a combined value added tax
15 proposition under this section shall have no effect on either the
16 value added tax to be lowered or repealed by the proposition or the
17 value added tax to be raised or adopted by the proposition.

18 (d) This section does not apply to value added tax elections
19 called by any method other than by the governing body.

20 (e) This section shall not be construed to change the
21 substantive law of any value added tax, including the allowed
22 maximum rate or combined rate of local value added taxes.

23 SUBCHAPTER F. REVENUE DEPOSIT, DISTRIBUTION, AND USE

24 Sec. 328.501. TRUST ACCOUNT. (a) The comptroller shall
25 deposit the taxes collected by the comptroller under this chapter
26 in trust in the separate suspense account of the school district
27 from which the taxes were collected.

1 (b) Repealed by Acts 2001, 77th 2003, 78th Leg., ch. 464
2 285, Sec. 31(44).

3 (c) Repealed by Acts 2003, 78th Leg., ch. 285, Sec. 31(44).

4 Sec. 328.502. DISTRIBUTION OF TRUST FUNDS. At least twice
5 during each state fiscal year and at other times as often as
6 feasible, the comptroller shall send to the school district
7 treasurer or to the person who performs the office of the school
8 district treasurer payable to the school district the school
9 district's share of the taxes collected by the comptroller under
10 this chapter.

11 Sec. 328.503. STATE'S SHARE. Before sending any money to a
12 school district under this subchapter the comptroller shall deduct
13 two percent of the amount of the taxes collected within the school
14 district during the period for which a distribution is made as the
15 state's charge for its services under this chapter and shall,
16 subject to premiums payments under Section 328.501(c), credit the
17 money deducted to the general revenue fund.

18 Sec. 328.504. AMOUNTS RETAINED IN TRUST ACCOUNT. (a) The
19 comptroller may retain in the suspense account of a school district
20 a portion of the school district's share of the tax collected for
21 the school district under this chapter, not to exceed five percent
22 of the amount remitted to the school district. If the school
23 district has abolished the tax, the amount that may be retained may
24 not exceed five percent of the final remittance to the school
25 district at the time of the termination of the collection of the
26 tax.

27 (b) From the amounts retained in a school district's

1 suspense account, the comptroller may make refunds for overpayments
2 to the account and to redeem dishonored checks and drafts deposited
3 to the credit of the account.

4 (c) Before the expiration of one year after the effective
5 date of the abolition of a school district's tax under this chapter
6 the comptroller shall send to the school district the remainder of
7 the money in the school district's account and shall close the
8 account.

9 Sec. 328.505. INTEREST ON TRUST ACCOUNT. Interest earned
10 on all deposits made with the comptroller under Section 328.501,
11 including interest earned from retained suspense accounts, shall be
12 credited to the general revenue fund.

13 Sec. 328.506. USE OF TAX REVENUE BY SCHOOL DISTRICT. Except
14 as provided by Section 328.507, the money received by a school
15 district under this chapter is for the use and benefit of the school
16 district and must be used exclusively for school enrichment
17 facilities and activities and the service and repayment of debt
18 incurred to fund school enrichment facilities and activities. For
19 the avoidance of doubt, "school enrichment" for this purpose is
20 understood to exclude all school-related expenditures and
21 investments that are (i) properly classified as being appropriate
22 and essential to the "general diffusion of knowledge" within the
23 meaning of the Texas constitution and (2) eligible in principle for
24 funding through the Texas Foundation School program.

25 Sec. 328.508. PLEDGE OF TAX REVENUE. (a) A school district
26 may call and hold an election on the issue of authorizing the school
27 district to pledge a percentage of the value added tax revenue

1 received under Section 328.101 to the payment of obligations issued
2 to pay all or part of the costs of one or more projects located in
3 the school district.

4 (b) The ballot at the election under this section must be
5 printed to permit voting for or against the proposition:
6 "Authorizing the _____ School District (insert name of school
7 district) to pledge not more than _____ percent (insert percentage
8 not to exceed 25 percent) of the revenue received from the _____
9 (insert school district value added tax) previously adopted in the
10 district to the payment of obligations issued to pay all or part of
11 the costs of _____ (insert description of each project)."

12 (c) If a majority of the voters vote in favor of the
13 proposition, the school district may:

14 (~~1, eff. June 11, 2001~~) issue bonds, notes, or other
15 obligations that are payable from the pledged revenues to pay for
16 all or part of the costs of the school-related enrichment project or
17 projects described in the proposition (which may include, without
18 limitation, sports, music, language, culture, technical,
19 vocational, and similar projects); and

20 (2) set aside the portion of the revenue approved at
21 the election that the school district actually receives and pledge
22 that revenue as security for the payment of the bonds, notes, or
23 other obligations.

24 (d) If the school district pledges revenue under Subsection
25 (c), the pledge and security interest shall continue while the
26 bonds, notes, or obligations, including refunding obligations, are
27 outstanding and unpaid.

1 (e) The school district may direct the comptroller to
2 deposit the pledged revenue to a trust or account as may be required
3 to obtain the financing and to protect the related security
4 interest.

5 (f) Sections 328.506 and 328.507 do not apply to taxes
6 pledged under this section.

7 Sec. 328.510. REALLOCATION OF SCHOOL DISTRICT OR LOCAL
8 GOVERNMENTAL ENTITY TAX REVENUE. (a) In this section, "local
9 governmental entity" includes any governmental entity created by
10 the legislature that has a limited purpose or function, that has a
11 defined or restricted geographic territory, and that is authorized
12 by law to impose a local value added tax the imposition,
13 computation, administration, enforcement, and collection of which
14 is governed by this chapter.

15 (b) This section applies only if:

16 (1) the comptroller:

17 (A) reallocates local tax revenue from a school
18 district or local governmental entity to another school district or
19 local governmental entity; or

20 (B) refunds local tax revenue that was previously
21 allocated to a school district or local governmental entity; and

22 (2) the amount the comptroller reallocates or refunds
23 is at least equal to the lesser of:

24 (A) \$200,000;

25 (B) an amount equal to 10 percent of the revenue
26 received by the school district or local governmental entity under
27 this chapter during the calendar year preceding the calendar year

1 in which the reallocation or refund is made; or

2 (C) an amount that increases or decreases the
3 amount of revenue the school district or local governmental entity
4 receives under this chapter during a calendar month by more than 15
5 percent as compared to revenue received by the school district or
6 local governmental entity during the same month in any previous
7 year.

8 (c) Subject to the criteria provided by this section, a
9 school district or local governmental entity may request a review
10 of all available value added tax returns and reports in the
11 comptroller's possession filed by not more than five individual
12 taxpayers doing business in the school district or local
13 governmental entity that are included and identified by the school
14 district or local governmental entity from the information received
15 from the comptroller under Section 328.3022 and that relate to a
16 reallocation or refund in an amount described by Subsection (b).

17 (d) The comptroller shall provide the returns and reports
18 requested under Subsection (c) for review regardless of whether the
19 information in the returns or reports is confidential under state
20 law.

21 (e) The provision of confidential information to a school
22 district or local governmental entity under this section does not
23 affect the confidential nature of the information in the returns or
24 reports. A school district or local governmental entity shall use
25 the information only in a manner that maintains the confidential
26 nature of the information and may not disclose or release the
27 information to the public.

1 which ~~ad valorem tax revenue~~ of the district may lawfully engage ~~be~~
2 ~~used~~.

3 (b) Chapter 323, Tax Code, applies to the application,
4 collection, and administration of the tax imposed under this
5 section. The comptroller may make rules for the collection and
6 administration of this tax in the same manner as for a tax imposed
7 under Chapter 323, Tax Code. Where a county and a hospital district
8 both impose a ~~sales and use~~ value added tax, the comptroller may by
9 rule provide for proportionate allocation of ~~sales and use~~ value
10 added tax collections between a county and a hospital district on
11 the basis of the period of time each tax is imposed and the relative
12 tax rates.

13 (c) Except as provided by Subsection (c-1), a district may
14 not adopt a tax under this section or increase the rate of the tax if
15 as a result of the adoption of the tax or the tax increase the
16 combined rate of all ~~sales and use~~ value added taxes imposed by the
17 district and other political subdivisions of this state having
18 territory in the district would exceed ~~two percent~~ three percent at
19 any location in the district.

20 (c-1) A district that otherwise would be precluded from
21 adopting a ~~sales and use~~ value added tax under Subsection (c) may
22 adopt a ~~sales and use~~ value added tax, change the rate of its ~~sales~~
23 ~~and use~~ value added tax, or abolish its ~~sales and use~~ value added
24 tax at an election held as provided by Section 775.0752, if the
25 board:

26 (1) excludes from the election and the applicability
27 of any proposed ~~sales and use~~ value added tax any territory in the

1 district where the ~~sales and use~~ value added tax is then at ~~two~~
2 ~~percent~~ three percent; and

3 (2) not later than the 30th day after the date on which
4 the board issues the election order, gives, for informational
5 purposes, written or oral notice on the proposed imposition,
6 increase, or abolition of the ~~sales and use~~ value added tax,
7 including the reasons for the proposed change, to the commissioners
8 court of each county in which the district is located.

9 (d) If the voters of a district approve the adoption of the
10 tax or an increase in the tax rate at an election held on the same
11 election date on which another political subdivision of this state
12 adopts a ~~sales and use~~ value added tax or approves the increase in
13 the rate of its ~~sales and use~~ value added tax and as a result the
14 combined rate of all ~~sales and use~~ value added taxes imposed by the
15 district and other political subdivisions of this state having
16 territory in the portion of the district in which the district ~~sales~~
17 ~~and use~~ value added tax will apply would exceed ~~two percent~~ three
18 percent at any location in that portion of the district, the
19 election to adopt a ~~sales and use~~ value added tax or to increase the
20 rate of the ~~sales and use~~ value added tax in the district under this
21 subchapter has no effect.

22 (e) to (h) Expired.

23 Sec. 775.0752. ~~SALES AND USE~~ VALUE ADDED TAX ELECTION
24 PROCEDURES. (a) Except as otherwise provided by this subchapter,
25 an election to adopt or abolish a district's ~~sales and use~~ value
26 added tax or to change the rate of the tax is governed by the
27 provisions of Subchapter E, Chapter 323, Tax Code, applicable to an

1 election to adopt or abolish a county ~~sales and use~~ value added tax.

2 (b) An election is called by the adoption of a resolution by
3 the board. The board shall call an election if a number of
4 qualified voters of the district equal to at least five percent of
5 the number of registered voters in the district petitions the board
6 to call the election.

7 (c) At an election to adopt the tax, the ballot shall be
8 prepared to permit voting for or against the proposition: "The
9 adoption of a local ~~sales and use~~ value added tax in (name of
10 district) at the rate of (proposed tax rate) percent."

11 (d) At an election to abolish the tax, the ballot shall be
12 prepared to permit voting for or against the proposition: "The
13 abolition of the local ~~sales and use~~ value added tax in (name of
14 district)."

15 (e) At an election to change the rate of the tax, the ballot
16 shall be prepared to permit voting for or against the proposition:
17 "The (increase or decrease, as applicable) in the rate of the local
18 ~~sales and use~~ value added tax imposed by (name of district) from
19 (tax rate on election date) percent to (proposed tax rate)
20 percent."

21 Added by Acts 1989, 71st Leg., 1st C.S., ch. 40, Sec. 3, eff. Sept.
22 1, 1989.

23 Sec. 775.0753. ~~SALES AND USE~~ VALUE ADDED TAX EFFECTIVE
24 DATE; BOUNDARY CHANGE. (a) The adoption or abolition of the tax or
25 change in the tax rate takes effect on the first day of the first
26 calendar quarter occurring after the expiration of the first
27 complete calendar quarter occurring after the date on which the

1 comptroller receives a notice of the results of the election.

2 (b) If the comptroller determines that an effective date
3 provided by Subsection (a) will occur before the comptroller can
4 reasonably take the action required to begin collecting the tax or
5 to implement the abolition of the tax or the tax rate change, the
6 effective date may be extended by the comptroller until the first
7 day of the next succeeding calendar quarter.

8 (c) The provisions of Section 321.102, Tax Code, governing
9 the application of a municipal ~~sales and use~~ value added tax in the
10 event of a change in the boundaries of a municipality apply to the
11 application of a tax imposed under this chapter in the event of a
12 change in the district's boundaries.

13 [END OF SECTION 4.02(A)]

14 (B) Subject to Section 4.03 of this Article 4, and effective
15 on and after September 1, 2013 (as used in this Article, the
16 "Effective Date"), HEALTH AND SAFETY CODE, TITLE 4, HEALTH
17 FACILITIES, SUBTITLE D, HOSPITAL DISTRICTS, CHAPTER 285, SPECIAL
18 PROVISIONS RELATING TO HOSPITAL DISTRICTS, is amended by replacing
19 "sales and use" with "value added" in each place where the term
20 appears in that chapter.

21 SECTION 4.03.

22 (A) Subject to the provisions of Section 4.03(B) of this
23 Article, the revisions to various chapters and sections referenced
24 in this Article 4 shall be prospective in application only and
25 without prejudice to any rights and obligations of taxpayers, or
26 the amounts owed to and the authorities of the comptroller or of
27 this state, accruing or arising with respect to periods prior to the

1 Effective Date, including but not limited to refunds, adjustments
2 and similar items that would otherwise have been payable by or on
3 behalf of any authority of the state or any political subdivision
4 thereof on or after the Effective Date.

5 (B) Notwithstanding the foregoing, but without prejudice to
6 any other applicable limitation of actions, expiration or "sunset"
7 provision, no judicial or administrative enforcement action shall
8 be commenced by any authority of this state or any of its political
9 subdivisions on or after the fifth anniversary of the Effective
10 Date under the provisions of these chapters and sections as they
11 were in effect prior to the Effective Date.

12 ARTICLE 5.

13 PROPERTY TAXES

14 SECTION 5.01. Subject to Section 5.04 of this Article, and
15 effective on and after September 1, 2013 (as used in this Article,
16 the "Effective Date"), the LOCAL GOVERNMENT CODE and the TAX CODE
17 are amended as set forth in this Article.

18 SECTION 5.02. LOCAL GOVERNMENT CODE, TITLE 4, FINANCES,
19 SUBTITLE C, FINANCIAL PROVISIONS APPLYING TO MORE THAN ONE TYPE OF
20 LOCAL GOVERNMENT, is amended by adding Section 140.008 to read as
21 follows:

22 Sec. 140.008. RESTRICTION OF AD VALOREM PROPERTY TAXES.

23 (a) Except as and to the extent authorized by any
24 self-executing provision of the Texas Constitution or by Chapter
25 302, Tax Code, and regulations promulgated by the comptroller in
26 conformity therewith, and notwithstanding any other provision of
27 law, neither this state nor any political subdivision of this

1 state, nor any of its or their authorities, may impose, levy,
2 assess, collect or otherwise administer ad valorem taxes on the
3 ownership of property, wherever located or by whomever owned.

4 (b) This section does not bar the taxation of transactions
5 involving the supply of property as provided in Chapter 220, Tax
6 Code, whether the taxable value is measured by the value of the
7 property supplied or payments or exchanges determined by reference
8 to such value.

9 (c) Without limiting the foregoing, this section prevails
10 over a provision of a municipal charter to the extent of a conflict.

11 SECTION 5.02. TAX CODE, TITLE 1, PROPERTY TAX CODE,
12 SUBTITLE A, GENERAL PROVISIONS, is amended to revise Section 1.02,
13 APPLICABILITY OF TITLE, as follows:

14 Sec. 1.02. APPLICABILITY OF TITLE. This title applies to a
15 taxing unit that is created by or pursuant to any general, special,
16 or local law enacted before or after the enactment of this title
17 unless a law enacted after enactment of this title by or pursuant to
18 which the taxing unit is created expressly provides that this title
19 does not apply. This title supersedes any provision of a municipal
20 charter or ordinance relating to property taxation. ~~Nothing in this~~
21 ~~title invalidates or restricts the right of voters to utilize~~
22 ~~municipal-level initiative and referendum to set a tax rate, level~~
23 ~~of spending, or limitation on tax increase for that municipality.~~

24 SECTION 5.03. TAX CODE, TITLE 3, LOCAL TAXATION, is amended
25 by revising SUBTITLE A, GENERAL TAXING AUTHORITY AND PROVISIONS, as
26 follows:

1 CHAPTER 302. TAXATION POWERS ~~OF MUNICIPALITIES~~

2 SUBCHAPTER A. PROPERTY TAXES

3 Sec. 302.001. EXEMPTED LOCAL TAXING UNITS ~~PROPERTY TAXES~~
4 ~~AUTHORIZED, PURPOSES.~~ (a) A local taxing unit shall be authorized
5 to levy ad valorem property taxes only with respect to those fiscal
6 periods as to which the comptroller has certified such unit for this
7 purpose as an exempted local taxing unit, and then only to the
8 extent of the projected shortfall specified for that period in such
9 certification.

10 (b) During fiscal periods ending on or before August 31,
11 2017, a A Type A general-law municipality exempted hereunder may
12 levy property taxes only for the purpose of funding ~~for~~ current
13 expenses, for the construction or purchase of public buildings,
14 water works, sewers, and other permanent improvements in the
15 municipality, including municipal schools and school sites, and for
16 the construction and improvement of municipal roads, streets, and
17 bridges in the municipality.

18 (c ~~b~~) During fiscal periods ending on or before August 31,
19 2017, a A Type B general-law municipality exempted hereunder may
20 levy property taxes at an annual rate not to exceed 25 cents for
21 each \$100 of property valuation.

22 Sec. 302.002. CERTIFICATION BY COMPTROLLER. (a) Upon
23 application by a local taxing unit, the comptroller shall certify
24 such unit as an "exempted local taxing unit" for purposes of this
25 subchapter if, in the comptroller's determination:

26 (i) the revenues that could reasonably be expected to
27 be realized by that unit for the fiscal period in question through

1 collections under the authority of Tax Code Chapter 220 will be
2 materially insufficient to replace the revenues to be lost by
3 application of Texas Tax Reform Act of 2013, and

4 (ii) no other source or potential source of revenues
5 reasonably available to the local taxing unit will be sufficient to
6 alleviate the projected shortfall.

7 Such certifications shall specify the shortfall projected for the
8 fiscal period(s) in question, and any actual collections in excess
9 of 115% of such certified amounts shall be refunded by the local
10 taxing unit to property owners in proportion to their respective
11 shares of taxes actually collected for that period.

12 (b) The comptroller shall review such determinations
13 annually and, after notice to and reasonable opportunity to be
14 heard by the local taxing unit(s) in question, discontinue such
15 certifications upon determining that the unit no longer qualifies
16 for such certification. However, no such exemption shall extend in
17 effect beyond three years from the date of issuance, and no
18 exemption may be issued for any local taxing unit with respect to
19 fiscal periods beginning on or after September 1, 2017 except by
20 pursuant to an act of the legislature specifying by individual
21 unit, or by class of units, the fiscal periods affected and the
22 limits, if any, on rates or levies to be authorized during such
23 periods.

24 (c) The comptroller shall report to the legislature
25 biannually on the applications for and certifications issued under
26 this subchapter, as well as on any local taxing units determined to
27 enjoy direct authorization by the Texas Constitution to levy ad

1 valorem property taxes in spite of any contrary act by the
2 legislature. Such reports shall include recommendations for
3 legislative or policy changes to facilitate the discontinuation of
4 ad valorem property taxation by the local taxing units affected at
5 the earliest practicable opportunity, including recommendations
6 for consolidation of financing for local taxing units in certain
7 cases (such as between counties and the special districts situated
8 therein, for example), as well as recommendations for such
9 amendments to the Texas Constitution as may be necessary or
10 appropriate for this purpose.

11 Sec. 302.003. TRANSITION OF LOCAL TAXING UNITS. To the
12 extent that the Texas Constitution authorizes the levying of ad
13 valorem property taxes by a local taxing unit without regard to any
14 contrary act of the legislature, and to the extent that the
15 comptroller certifies as exempt any local taxing units, the
16 comptroller shall implement a program of communication and
17 coordination to encourage the transition of such units away from
18 reliance on ad valorem property taxes in favor of the taxes
19 authorized in Tax Code, Chapter 220, or other sources or potential
20 sources of revenues available or that could through, appropriate
21 legislation or regulation, be made available to such units. Such
22 coordination shall, where appropriate, include consideration of
23 changes in defined boundaries, funding sources or other
24 organizational changes at the level of such units. The status and
25 prospects for such transitions and communications shall be
26 addressed in the comptroller's biannual reports.

27 Sec. 302.004. WIND-DOWN OF APPRAISAL DISTRICT OPERATIONS.

1 The comptroller shall supervise and assist with the reduction in
2 size and scope of appraisal district operations in those
3 jurisdictions where ad valorem property taxation is being reduced.
4 In those counties where no local taxing unit continues to levy ad
5 valorem property taxes, the appraisal district, assessment and
6 collection operations shall be wound down and closed in an
7 expeditious but orderly fashion, subject to such limited retention
8 of facilities and capabilities as shall remain necessary for
9 management of pending or potential proceedings arising out of
10 assessments and/or collections with respect to previous periods.

11 Section 302.005. RETENTION OF RECORDS. The comptroller shall
12 make suitable arrangement for archiving and maintaining records of
13 appraisal offices closed in accordance with this subchapter.

14 Section 302.006. REGULATIONS. The comptroller shall issue
15 regulations not inconsistent with the provisions of this subchapter
16 prescribing such rules, forms and procedures as shall be necessary
17 and appropriate to implement its provisions and policy.

18 ~~Sec. 302.00 2. OTHER TAXES NOT CONSIDERED: CERTAIN~~
19 ~~HOME-RULE MUNICIPALITIES. In determining the power of certain~~
20 ~~home-rule municipalities to levy taxes, the taxes levied by a~~
21 ~~county, a political subdivision of a county, or a district under~~
22 ~~Article III, Section 52, of the Texas Constitution are not~~
23 ~~considered.~~

24 ~~(b) This section prevails over a provision of a municipal~~
25 ~~charter to the extent of a conflict.~~

26 ~~(c) This section applies only to a municipality that~~
27 ~~attempted to amend its charter before June 30, 1939, and at the time~~

1 ~~of the election to amend the charter did not own a water system,~~
2 ~~sanitary sewer system, electric light system, or natural gas system~~
3 ~~from which it could derive revenue.~~

4 SECTION 302.007. DEFINITIONS. As used in this subchapter:

5 (a) "Local taxing unit" means any county, municipality,
6 school district, special district or authority (including a junior
7 college district, a hospital district, a district created by or
8 pursuant to the Water Code, a mosquito control district, a fire
9 prevention district, a crime control district, a noxious weed
10 control district) or any other political unit of this state,
11 whether created by or pursuant to the constitution or a local,
12 special, or general law, that is authorized to impose and is
13 imposing ad valorem property taxes even if the governing body of
14 another political unit determines the tax rate for the unit or
15 otherwise governs its affairs.

16 (b) "Municipality" means any incorporated city, town or
17 village, including but not limited to a home-rule city.

18 SECTION 5.04.

19 (A) Subject to the provisions of Section 5.04(B) of this
20 Article, the revisions to various chapters and sections referenced
21 in this Article shall be prospective in application only and
22 without prejudice to any rights and obligations of taxpayers, or
23 the amounts owed to and the authorities of the comptroller or of
24 this state, accruing or arising with respect to periods prior to the
25 Effective Date, including but not limited to refunds, adjustments
26 and similar items that would otherwise have been payable by or on
27 behalf of any authority of the state or any political subdivision

1 thereof on or after the Effective Date.

2 (B) Notwithstanding the foregoing, but without prejudice to
3 any other applicable limitation of actions, expiration or "sunset"
4 provision, no judicial or administrative enforcement action shall
5 be commenced by any authority of this state or any of its political
6 subdivisions on or after the fifth anniversary of the Effective
7 Date under the provisions of these chapters and sections as they
8 were in effect prior to the Effective Date.

9 ARTICLE 6

10 SCHOOL FINANCE REFORM

11 SECTION 6.01. Subject to Section 6.08 of this Article, and
12 effective on and after September 1, 2013 (as used in this Article,
13 the "Effective Date"), the EDUCATION CODE is amended as set forth in
14 this Article.

15 SECTION 6.02. EDUCATION CODE, TITLE 2, PUBLIC EDUCATION,
16 SUBTITLE I, SCHOOL FINANCE AND FISCAL MANAGEMENT, CHAPTER 41,
17 EQUALIZED WEALTH LEVELS, is repealed in its entirety.

18 SECTION 6.03. EDUCATION CODE, TITLE 2, PUBLIC EDUCATION,
19 SUBTITLE I, SCHOOL FINANCE AND FISCAL MANAGEMENT, CHAPTER 42,
20 FOUNDATION SCHOOL PROGRAM, Sec. 42.001, STATE POLICY, is amended by
21 adding a new paragraph (c) to Section 42.001 as follows:

22 (c) The state shall discharge its responsibility through
23 the appropriation and/or dedication of state revenues sufficient to
24 supply each school district out of state resources with funding
25 necessary to meet the standards established under this title on an
26 equitable basis that, at minimum, satisfies the Texas
27 Constitution's requirements for a general diffusion of knowledge,

1 while at the same time allowing school districts to select and fund
2 out of locally available resources those additional enrichment
3 opportunities deemed appropriate by the boards of such districts
4 and their constituent voters.

5 SECTION 6.04. EDUCATION CODE, TITLE 2, PUBLIC EDUCATION,
6 SUBTITLE I, SCHOOL FINANCE AND FISCAL MANAGEMENT, CHAPTER 42,
7 FOUNDATION SCHOOL PROGRAM, Sec. 42.002, PURPOSES OF FOUNDATION
8 SCHOOL PROGRAM, is amended by revising paragraph (b) thereof as
9 follows:

10 (b) The Foundation School Program consists of:

11 (1) two tiers of funding from state revenues that in
12 combination provide for:

13 (A) sufficient financing for all school
14 districts to provide a basic program of education meeting
15 constitutional standards that is rated acceptable or higher under
16 Section 39.054 and meets other applicable legal standards,
17 including but not limited to provision for instructional facilities
18 such as real property, improvements to real property, and necessary
19 fixtures of an improvement to real property that is used
20 predominantly for teaching the curriculum required under Section
21 28.002; and

22 (B) the minimum financing required to lay the
23 foundation for all school districts to pursue ~~to facilitate~~ a
24 locally funded enrichment program. ~~and~~

25 ~~(2) a facilities component as provided by Chapter~~
26 ~~46.~~

27 The second tier of such funding is not intended to sustain even a

1 modest enrichment program by modern community standards; rather it
2 is intended to serve in effect as "seed" funding to overcome the
3 introductory barriers that would be faced by most districts in
4 seeking to initiate and develop a modest enrichment program.

5 SECTION 6.05. EDUCATION CODE, TITLE 2, PUBLIC EDUCATION,
6 SUBTITLE I, SCHOOL FINANCE AND FISCAL MANAGEMENT, CHAPTER 42,
7 FOUNDATION SCHOOL PROGRAM, is further amended as set forth below:

8 (A) Section 42.101, BASIC ALLOTMENT, paragraph (a), is
9 revised as set forth below:

10 ~~Text of subsection effective on September 01, 2015~~

11 (a) For each student in average daily attendance, not
12 including the time students spend each day in special education
13 programs in an instructional arrangement other than mainstream or
14 career and technology education programs, for which an additional
15 allotment is made under Subchapter C, a district is entitled to an
16 allotment equal to ~~the lesser of \$4,765 or the amount that results~~
17 ~~from the following formula:~~

18 ~~$A = \$4,765 \times (DCR/MCR)$~~

19 ~~where:~~

20 ~~"A" is the allotment to which a district is entitled;~~

21 ~~"DCR" is the district's compressed tax rate, which is the~~
22 ~~product of the state compression percentage, as determined under~~
23 ~~Section 42.2516, multiplied by the maintenance and operations tax~~
24 ~~rate adopted by the district for the 2005 tax year; and~~

25 ~~"MCR" is the state maximum compressed tax rate, which is the~~
26 ~~product of the state compression percentage, as determined under~~
27 ~~Section 42.2516, multiplied by \$1.50.~~

1 ~~Text of section effective until September 01, 2015~~

2 ~~Sec. 42.101. BASIC AND REGULAR PROGRAM ALLOTMENTS. (a) The~~
3 ~~basic allotment is an amount equal to the lesser of \$4,765 or the~~
4 ~~amount that results from the following formula:~~

5 ~~$A = \$4,765 \times (DCR/MCR)$~~

6 ~~where:~~

7 ~~"A" is the resulting amount for a district,~~

8 ~~"DCR" is the district's compressed tax rate, which is the~~
9 ~~product of the state compression percentage, as determined under~~
10 ~~Section 42.2516, multiplied by the maintenance and operations tax~~
11 ~~rate adopted by the district for the 2005 tax year; and~~

12 ~~"MCR" is the state maximum compressed tax rate, which is the~~
13 ~~product of the state compression percentage, as determined under~~
14 ~~Section 42.2516, multiplied by \$1.50.~~

15 ~~(a-1) Repealed by Acts 2011, 82nd Leg., 1st C.S., Ch. 4,~~
16 ~~Sec. 57.31, effective September 28, 2011~~

17 ~~(a-2) Repealed by Acts 2011, 82nd Leg., 1st C.S., Ch. 4,~~
18 ~~Sec. 57.31, effective September 28, 2011~~

19 ~~(b) A greater amount for any school year for the basic~~
20 ~~allotment under Subsection (a) may be provided by appropriation.~~

21 ~~(c) A school district is entitled to a regular program~~
22 ~~allotment equal to the amount that results from the following~~
23 ~~formula:~~

24 ~~$RPA = ADA \times AA \times RPAF$~~

25 ~~where:~~

26 ~~"RPA" is the regular program allotment to which the district~~
27 ~~is entitled,~~

1 ~~"ADA" is the number of students in average daily attendance~~
2 ~~in a district, not including the time students spend each day in~~
3 ~~special education programs in an instructional arrangement other~~
4 ~~than mainstream or career and technology education programs, for~~
5 ~~which an additional allotment is made under Subchapter C;~~

6 ~~"AA" is the district's adjusted basic allotment, as~~
7 ~~determined under Section 42.102 and, if applicable, as further~~
8 ~~adjusted under Section 42.103; and~~

9 ~~"RPAF" is the regular program adjustment factor.~~

10 ~~(c-1) Except as provided by Subsection (c-2), the regular~~
11 ~~program adjustment factor ("RPAF") is 0.9239 for the 2011-2012~~
12 ~~school year and 0.98 for the 2012-2013 school year.~~

13 ~~(c-2) For a school district that does not receive funding~~
14 ~~under Section 42.2516 for the 2011-2012 school year, the~~
15 ~~commissioner may set the regular program adjustment factor ("RPAF")~~
16 ~~at 0.95195 for the 2011-2012 and 2012-2013 school years if the~~
17 ~~district demonstrates that funding reductions as a result of~~
18 ~~adjustments to the regular program allotment made by S.B. No. 1,~~
19 ~~Acts of the 82nd Legislature, 1st Called Session, 2011, will result~~
20 ~~in a hardship to the district in the 2011-2012 school year.~~
21 ~~Notwithstanding any other provision of this subsection, the~~
22 ~~commissioner shall adjust the regular program adjustment factor~~
23 ~~("RPAF") for the 2012-2013 school year for a school district whose~~
24 ~~regular program adjustment factor is set in accordance with this~~
25 ~~subsection to ensure that the total amount of state and local~~
26 ~~revenue in the combined 2011-2012 and 2012-2013 school years does~~
27 ~~not differ from the amount the district would have received if the~~

1 ~~district's regular program adjustment factor had not been set in~~
2 ~~accordance with this subsection. A determination by the~~
3 ~~commissioner under this subsection is final and may not be~~
4 ~~appealed.~~

5 ~~(c-3) The regular program adjustment factor ("RPAF") is~~
6 ~~0.98 for the 2013-2014 and 2014-2015 school years or a greater~~
7 ~~amount established by appropriation, not to exceed 1.0. This~~
8 ~~subsection and Subsections (c), (c-1), and (c-2) expire September~~
9 ~~1, 2015.~~

10 (B) Section 42.151, SPECIAL EDUCATION, paragraph (k), is
11 amended by revising "\$10 million" to "\$XXX million,"

12 (C) Section 42.152, COMPENSATORY EDUCATION ADJUSTMENT,
13 paragraph (s) is amended by revising "\$650" to "\$XXXX," and
14 paragraph (s-2) is amended by revision "\$9.9 million" to "\$XXX
15 million".

16 (D) Section 42.154, CAREER AND TECHNOLOGY EDUCATION
17 ALLOTMENT, paragraph (a) is amended by revising "\$50" to "\$XXXX,"
18 and paragraph (s-2) is amended by revising "\$9.9 million" to "\$XXX
19 million".

20 (E) Section 42.156, GIFTED AND TALENTED STUDENT
21 ALLOTMENT, paragraph (f) is amended by revising "\$500,000" to
22 "\$XXXX million."

23 (F) Section 42.158, NEW INSTRUCTIONAL FACILITY ALLOTMENT,
24 is amended by revising "\$250" to "\$XXXX" in each place where it
25 appears, "\$25 million" to "\$XXX million" where it appears in
26 paragraph (d), and "\$1 million" to "\$XXX million" where it appears
27 in paragraph (d-1).

1 (G) Section 42.251, FINANCING; GENERAL RULE, paragraph (b)
2 is amended to read as set forth below:

3 (b) The program shall be financed by:

4 (1) ~~ad valorem tax revenue generated by an equalized~~
5 ~~uniform school district effort,~~

6 ~~(2) ad valorem tax revenue generated by local school~~
7 ~~district effort in excess of the equalized uniform school district~~
8 ~~effort,~~

9 (13) state available school funds distributed in
10 accordance with law; and

11 (24) state funds appropriated for the purposes of
12 public school education and allocated to each district in an amount
13 sufficient to finance the cost of each district's Foundation School
14 Program not covered by other funds specified in this subsection.

15 (H) Section 42.2513, ADDITIONAL STATE AID FOR STAFF SALARY
16 INCREASES, paragraph (a), is amended by revising "\$250" and "\$500"
17 to "\$XXXX" and "\$XXXX", respectively, in each of the places where
18 they appear.

19 (I) Section 42.2516, ADDITIONAL STATE AID FOR TAX
20 REDUCTION, is repealed in its entirety.

21 (J) Section 42.252, LOCAL SHARE OF PROGRAM COST (TIER ONE),
22 is repealed in its entirety.

23 (K) Sections 42.2521, 42.2522, and 45.2523 are repealed in
24 their entirety.

25 (L) Section 42.2531, ADJUSTMENT BY COMMISSIONER, amended by
26 repealing paragraphs (b) and (c) thereof in their entirety.

27 (M) Section 42.254, ESTIMATES REQUIRED, is revised to read

1 as set forth below:

2 Sec. 42.254. ESTIMATES REQUIRED. (a) Not later than
3 October 1 of each even-numbered year:

4 (1) the agency shall submit to the legislature an
5 estimate of the ~~tax rate and~~ student enrollment of each school
6 district for the following biennium; and

7 (2) the comptroller shall submit to the legislature an
8 estimate of the total dedicated and undedicated state value added
9 tax revenues projected ~~taxable value of all property in the state as~~
10 ~~determined under Subchapter M, Chapter 403, Government Code,~~ for
11 the following biennium.

12 (b) The agency and the comptroller shall update the
13 information provided to the legislature under Subsection (a) not
14 later than March 1 of each odd-numbered year.

15 (N) Section 42.257, EFFECT OF APPRAISAL APPEAL, is repealed
16 in its entirety.

17 (O) Section 42.259, FOUNDATION SCHOOL FUND TRANSFERS, is
18 revised as set forth below:

19 Sec. 42.259. FOUNDATION SCHOOL FUND TRANSFERS. (a) ~~In this~~
20 ~~section:~~

21 ~~(1) "Category 1 school district" means a school district~~
22 ~~having a wealth per student of less than one-half of the statewide~~
23 ~~average wealth per student.~~

24 ~~(2) "Category 2 school district" means a school district~~
25 ~~having a wealth per student of at least one-half of the statewide~~
26 ~~average wealth per student but not more than the statewide average~~
27 ~~wealth per student.~~

1 ~~(3) "Category 3 school district" means a school district~~
2 ~~having a wealth per student of more than the statewide average~~
3 ~~wealth per student.~~

4 ~~(4) "Wealth per student" means the taxable property values~~
5 ~~reported by the comptroller to the commissioner under Section~~
6 ~~42.252 divided by the number of students in average daily~~
7 ~~attendance.~~

8 ~~(b) Payments from the foundation school fund to each~~
9 ~~category 1 school district shall be made as follows:~~

10 ~~(1) 15 percent of the yearly entitlement of the district~~
11 ~~shall be paid in an installment to be made on or before the 25th day~~
12 ~~of September of a fiscal year;~~

13 ~~(2) 80 percent of the yearly entitlement of the district~~
14 ~~shall be paid in eight equal installments to be made on or before~~
15 ~~the 25th day of October, November, December, January, March, May,~~
16 ~~June, and July; and~~

17 ~~(3) five percent of the yearly entitlement of the district~~
18 ~~shall be paid in an installment to be made on or before the 25th day~~
19 ~~of February.~~

20 ~~(c) Payments from the foundation school fund to each~~
21 ~~category 2 school district shall be made as follows:~~

22 (1) 22 percent of the yearly entitlement of the
23 district shall be paid in an installment to be made on or before the
24 25th day of September of a fiscal year;

25 (2) 18 percent of the yearly entitlement of the
26 district shall be paid in an installment to be made on or before the
27 25th day of October;

1 (3) 9.5 percent of the yearly entitlement of the
2 district shall be paid in an installment to be made on or before the
3 25th day of November;

4 (4) 7.5 percent of the yearly entitlement of the
5 district shall be paid in an installment to be made on or before the
6 25th day of April;

7 (5) five percent of the yearly entitlement of the
8 district shall be paid in an installment to be made on or before the
9 25th day of May;

10 (6) 10 percent of the yearly entitlement of the
11 district shall be paid in an installment to be made on or before the
12 25th day of June;

13 (7) 13 percent of the yearly entitlement of the
14 district shall be paid in an installment to be made on or before the
15 25th day of July; and

16 (8) 15 percent of the yearly entitlement of the
17 district shall be paid in an installment to be made after the 5th
18 day of September and not later than the 10th day of September of the
19 calendar year following the calendar year of the payment made under
20 Subdivision (1).

21 ~~(d) Payments from the foundation school fund to each~~
22 ~~category 3 school district shall be made as follows:~~

23 ~~(1) 45 percent of the yearly entitlement of the~~
24 ~~district shall be paid in an installment to be made on or before the~~
25 ~~25th day of September of a fiscal year;~~

26 ~~(2) 35 percent of the yearly entitlement of the~~
27 ~~district shall be paid in an installment to be made on or before the~~

1 ~~25th day of October; and~~

2 ~~(3) 20 percent of the yearly entitlement of the~~
3 ~~district shall be paid in an installment to be made after the 5th~~
4 ~~day of September and not later than the 10th day of September of the~~
5 ~~calendar year following the calendar year of the payment made under~~
6 ~~Subdivision (1).~~

7 (be) The amount of any installment required by this section
8 may be modified to provide a school district with the proper amount
9 to which the district may be entitled by law and to correct errors
10 in the allocation or distribution of funds. If an installment under
11 this section is required to be equal to other installments, the
12 amount of other installments may be adjusted to provide for that
13 equality. A payment under this section is not invalid because it is
14 not equal to other installments.

15 (cf) Except as provided by Subsection (ae)(8) ~~or (d)(3)~~, any
16 previously unpaid additional funds from prior fiscal years owed to
17 a district shall be paid to the district together with the September
18 payment of the current fiscal year entitlement.

19 (de) The commissioner shall make all annual Foundation
20 School Program payments under this section for purposes described
21 by Sections 45.252(a)(1) and (2) before the deadline established
22 under Section 45.263(b) for payment of debt service on bonds.
23 Notwithstanding any other provision of this section, the
24 commissioner may make Foundation School Program payments under this
25 section after the deadline established under Section 45.263(b) only
26 if the commissioner has not received notice under Section 45.258
27 concerning a district's failure or inability to pay matured

1 principal or interest on bonds.

2 (P) Section 42.260, USE OF CERTAIN FUNDS, is repealed in its
3 entirety.

4 (Q) Section 42.261, CERTAIN FUNDS APPROPRIATED FOR PURPOSE
5 OF TAX REDUCTION, is repealed in its entirety.

6 (R) CHAPTER 42, SUBCHAPTER F, GUARANTEED YIELD PROGRAM, is
7 repealed in its entirety.

8 SECTION 6.06. EDUCATION CODE, TITLE 2, PUBLIC EDUCATION,
9 SUBTITLE I, SCHOOL FINANCE AND FISCAL MANAGEMENT, CHAPTER 44,
10 FISCAL MANAGEMENT, is amended by adding new Sections 44.012 and
11 44.013 as set forth below:

12 Sec. 44.012. TRANSITION TO VALUE ADDED TAX FUNDING. (a) The
13 commissioner shall supervise and assist the governing boards of
14 independent school districts and rural high school districts and
15 county commissioners courts, with respect to each common school
16 district under their respective jurisdictions, in effectuating an
17 orderly transition to the substitution of expanded Foundation
18 School Program funding and supplemental local value added tax
19 revenues for ad valorem property tax revenues in the districts'
20 budgeting, funding and debt servicing.

21 (b) Not later than 180 days following the enactment of the
22 Texas Tax Reform Act of 2013, each district, in coordination with
23 the commissioner and the comptroller, shall prepare and submit to
24 the commissioner, a report (the "Transition Report") estimating the
25 budgets, sources of funds, debt service, operating and capital
26 expenditures, and public bond offerings anticipated over the
27 forthcoming one-, five- and ten- fiscal year periods. Estimates and

1 financial statements contained in this report shall meet the
2 standards of this subtitle for other statements, budgets, plans and
3 reports presenting similar data. Such reports shall have been
4 certified by the comptroller for confidence as to the projections
5 of funds that could reasonably be expected to be received by the
6 district through the expanded Foundation School Program set forth
7 in Chapter 42, the local value added tax revenues to be realized
8 under the school district enrichment value added tax authorized
9 under TAX CODE, TITLE 3, LOCAL TAXATION, SUBTITLE C, LOCAL VALUE
10 ADDED TAXES, CHAPTER 328, SCHOOL DISTRICT ENRICHMENT, and the funds
11 from ad valorem property taxes to be lost by application of the
12 Texas Tax Reform Act of 2013. This report shall classify each item
13 of projected operating and capital expenditures as either basic
14 educat~~ion~~ and foundational ("basic") or enrichment ("enrichment") in
15 conformity to the standards set forth in Title 2, Chapter 42,
16 Sections 42.001 and 42.002, and shall similarly classify all
17 current and projected debts and debt service requirements in
18 proportion to the uses to which the proceeds of such debt offerings
19 have been, are being, and are projected to be put.

20 (c) The commissioner, in coordination and consultation with
21 the comptroller and each district, shall prepare and present to the
22 comptroller recommendations for refunding, redeeming or amending
23 outstanding bonds to the payment of which the district has pledged
24 ad valorem property taxes.

25 (1) To the extent that such bonds have been classified
26 as "enrichment" bonds, such refundings, redemptions or amendments,
27 and all future issuances of such bonds, shall be the responsibility

1 of the district, and the requirements of Chapter 45 for approval by
2 the attorney general may be met by reference to anticipated local
3 value added tax revenues in lieu of property valuations and ad
4 valorem tax levies.

5 (2) To the extent that such bonds have been classified
6 as "basic" bonds, then such refundings, redemptions or amendments,
7 and all future issuances of such bonds, shall be the responsibility
8 of the state, and shall be addressed through such mechanisms and
9 formulae as shall be available under the Foundation School Program
10 under Chapter 42.

11 (c) The commissioner shall report to the comptroller and to
12 the legislature annually on the status of and prospects for this
13 transition. Such reports shall include recommendations for
14 legislative or policy changes to facilitate the required financial
15 changes while maintaining and improving upon the efficiency,
16 quality and results of public school education.

17 Sec. 44.013. RESTORATION OF LOCAL CONTROL AND COMMUNITY
18 ENGAGEMENT IN DISTRICTS. (a) It is the policy of this state to
19 promote community engagement in and control of district affairs at
20 the smallest geographic and demographic levels practicable. With
21 the financial relief to be provided districts under the Texas Tax
22 Reform Act of 2013 (the "Act"), district boundaries need no longer
23 be established principally by reference to the extent of such
24 districts' ad valorem property tax base.

25 (b) Commencing immediately upon enactment of the Act, the
26 commissioner is directed to work with districts and the agency to
27 develop recommendations to reorganize those school districts

1 encompassing populations of more than 100,000 into districts of
2 sufficient locality as to promote heightened familiarization of,
3 and engagement by, parents and community leaders with district
4 leaders, policies and practices. Accommodation should be made to
5 preserve and promote charter or "magnet" schools that, by design,
6 are intended to attract students and families from broadly
7 dispersed geographic areas, but in all other cases district
8 boundaries should be drawn on the basis of geographic proximity,
9 shared community ties and interests, and transportation patterns
10 and limitations for students and families. The commissioner shall
11 report to the legislature no later than September 1, 2014 with
12 recommendations and analysis.

13 (c) The commissioner shall issue regulations not
14 inconsistent with the provisions of this section prescribing such
15 rules, forms and procedures as shall be necessary and appropriate
16 to implement its provisions and policy.

17 SECTION 6.07. EDUCATION CODE, TITLE 2, PUBLIC EDUCATION,
18 SUBTITLE I, SCHOOL FINANCE AND FISCAL MANAGEMENT, CHAPTER 46,
19 ASSISTANCE WITH INSTRUCTIONAL FACILITIES AND PAYMENT OF EXISTING
20 DEBT, is repealed in its entirety.

21 SECTION 6.08.

22 (A) Subject to the provisions of Section 6.08(B) of this
23 Article, the revisions to various chapters and sections referenced
24 in this Article shall be prospective in application only and
25 without prejudice to any rights and obligations of taxpayers, or
26 the amounts owed to and the authorities of the comptroller or of
27 this state, accruing or arising with respect to periods prior to the

1 Effective Date, including but not limited to refunds, adjustments
2 and similar items that would otherwise have been payable by or on
3 behalf of any authority of the state or any political subdivision
4 thereof on or after the Effective Date.

5 (B) Notwithstanding the foregoing, but without prejudice to
6 any other applicable limitation of actions, expiration or "sunset"
7 provision, no judicial or administrative enforcement action shall
8 be commenced by any authority of this state or any of its political
9 subdivisions on or after the fifth anniversary of the Effective
10 Date under the provisions of these chapters and sections as they
11 were in effect prior to the Effective Date.

12 ARTICLE 7

13 TITLE OF ACT

14 SECTION 7.01. This Act may be cited as the "Texas Tax Reform
15 Act of 2013," and references herein to "this Act" are to be read
16 accordingly.