

By: Larson, Springer

H.B. No. 157

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the rates of sales and use taxes imposed by
3 municipalities; authorizing an increase or decrease in the rate of
4 those taxes.

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

6 SECTION 1. Section 334.082(d), Local Government Code, is
7 amended to read as follows:

8 (d) The tax imposed by this subchapter is in addition to a
9 tax imposed under other law, including Chapters 321 and 323, Tax
10 Code, and is included in computing a combined sales and use tax rate
11 for purposes of the limitation on the maximum combined sales and use
12 tax rate of political subdivisions.

13 SECTION 2. Section 334.083(a), Local Government Code, is
14 amended to read as follows:

15 (a) The rate of a tax adopted by a county under this
16 subchapter must be one-eighth, one-fourth, three-eighths, or
17 one-half of one percent. The rate of the tax adopted by a
18 municipality may be any rate that is an increment of one-eighth of
19 one percent, that the municipality determines is appropriate, and
20 that would not result in a combined rate that exceeds the maximum
21 combined rate prescribed by Section 321.101(f), Tax Code.

22 SECTION 3. Section 334.084, Local Government Code, is
23 amended to read as follows:

24 Sec. 334.084. RATE INCREASE. (a) A municipality [~~or~~

1 ~~county]~~ that has adopted a sales and use tax under this subchapter
2 at any rate, and a county that has adopted a sales and use tax under
3 this subchapter at a rate of less than one-half of one percent, may
4 by ordinance or order increase the rate of the tax if the increase
5 is approved by a majority of the registered voters of that
6 municipality or county voting at an election called and held for
7 that purpose.

8 (b) The county tax may be increased under Subsection (a) in
9 one or more increments of one-eighth of one percent to a maximum of
10 one-half of one percent. The municipal tax may be increased under
11 Subsection (a) in one or more increments of one-eighth of one
12 percent to any rate that the municipality determines is appropriate
13 and that would not result in a combined rate that exceeds the
14 maximum combined rate prescribed by Section 321.101(f), Tax Code.

15 (c) The ballot for an election to increase the tax shall be
16 printed to permit voting for or against the proposition: "The
17 adoption of a sales and use tax for the purpose of financing _____
18 (insert description of venue project) at the rate of _____ [~~of~~
19 ~~one~~] percent (insert [~~one-fourth, three-eighths, or one-half, as~~
20 appropriate rate)."

21 SECTION 4. Section 363.055(a), Local Government Code, is
22 amended to read as follows:

23 (a) The proposed rate for the district sales and use tax
24 imposed under Subchapter B, Chapter 321, Tax Code, may be any rate
25 that is an increment of one-eighth of one percent, that the
26 municipality determines is appropriate, and that would not result
27 in a combined rate that exceeds the maximum combined rate

1 prescribed by Section 321.101(f), Tax Code. The proposed rate for
2 the district sales and use tax imposed under [~~Subchapter B, Chapter~~
3 ~~321, Tax Code, or~~] Subchapter B, Chapter 323, Tax Code, may be only:

- 4 (1) one-eighth of one percent;
- 5 (2) one-fourth of one percent;
- 6 (3) three-eighths of one percent; or
- 7 (4) one-half of one percent.

8 SECTION 5. Section 504.252(b), Local Government Code, is
9 amended to read as follows:

10 (b) The rate of the tax imposed under Subsection (a) may be
11 any rate that is an increment of one-eighth of one percent, that the
12 authorizing municipality determines is appropriate, and that would
13 not result in a combined rate that exceeds the maximum combined rate
14 prescribed by Section 504.254(a) [~~must be equal to one-eighth,~~
15 ~~one-fourth, three-eighths, or one-half of one percent]~~.

16 SECTION 6. Section 504.256, Local Government Code, is
17 amended to read as follows:

18 Sec. 504.256. BALLOT. In an election to adopt the sales and
19 use tax under this chapter, the ballot shall be printed to provide
20 for voting for or against the proposition: "The adoption of a
21 sales and use tax for the promotion and development of new and
22 expanded business enterprises at the rate of _____ [~~of one~~
23 percent" (insert [~~one-eighth, one-fourth, three-eighths, or~~
24 ~~one-half to be inserted as~~] appropriate rate).

25 SECTION 7. Section 504.258(c), Local Government Code, is
26 amended to read as follows:

27 (c) The tax rate may be reduced or increased to any rate that

1 is an increment of one-eighth of one percent, that the authorizing
2 municipality determines is appropriate, and that would not result
3 in a combined rate that exceeds the maximum combined rate
4 prescribed by Section 504.254(a) [+

5 ~~(1) reduced in one or more increments of one-eighth~~
6 ~~of one percent, to a minimum rate of one-eighth of one percent, or~~

7 ~~(2) increased in one or more increments of one-eighth~~
8 ~~of one percent, to a maximum rate of one-half of one percent].~~

9 SECTION 8. Section 504.261(b), Local Government Code, is
10 amended to read as follows:

11 (b) In an election to impose, reduce, increase, or abolish
12 the tax under this chapter and the additional sales and use tax, the
13 ballot shall be printed to provide for voting for or against the
14 proposition: "The adoption of a sales and use tax within the
15 municipality for the promotion and development of new and expanded
16 business enterprises at the rate of _____ [~~of one~~] percent
17 (insert [~~one-eighth, one-fourth, three-eighths, or one-half to be~~
18 ~~inserted as~~] appropriate rate) and the adoption of an additional
19 sales and use tax within the municipality at the rate of _____
20 [~~of one~~] percent to be used to reduce the property tax rate" (insert
21 [~~one-eighth, one-fourth, three-eighths, or one-half to be inserted~~
22 ~~as~~] appropriate rate).

23 SECTION 9. Section 505.252(b), Local Government Code, is
24 amended to read as follows:

25 (b) The rate of a tax adopted under this chapter may be any
26 rate that is an increment of one-eighth of one percent, that the
27 authorizing municipality determines is appropriate, and that would

1 not result in a combined rate that exceeds the maximum combined rate
2 prescribed by Section 505.256(a) [~~must be equal to one-eighth,~~
3 ~~one-fourth, three-eighths, or one-half of one percent~~].

4 SECTION 10. Section 505.256(a), Local Government Code, is
5 amended to read as follows:

6 (a) Chapter 321, Tax Code, governs the imposition,
7 computation, administration, collection, and remittance of the
8 sales and use tax, except as inconsistent with this chapter. An
9 authorizing municipality may not adopt a rate under this chapter
10 that, when added to the rates of all other sales and use taxes
11 imposed by the authorizing municipality and other political
12 subdivisions of this state having territory in the authorizing
13 municipality, would result in a combined rate exceeding two percent
14 at any location in the municipality.

15 SECTION 11. Section 505.259, Local Government Code, is
16 amended to read as follows:

17 Sec. 505.259. ELECTION REQUIREMENT FOR CERTAIN
18 MUNICIPALITIES. For a tax under this subchapter at a rate that does
19 not exceed one-half of one percent, the [The] election requirement
20 under Section 505.251 is satisfied and another election is not
21 required if the voters of the authorizing municipality approved the
22 imposition of an additional one-half cent sales and use tax at an
23 election held before March 28, 1991, under an ordinance calling the
24 election that:

25 (1) was published in a newspaper of general
26 circulation in the municipality at least 14 days before the date of
27 the election; and

1 (2) expressly stated that the election was being held
2 in anticipation of the enactment of enabling and implementing
3 legislation without further elections.

4 SECTION 12. Section 321.101(a), Tax Code, is amended to
5 read as follows:

6 (a) A municipality may adopt or repeal a sales and use tax
7 authorized by this chapter, other than the additional municipal
8 sales and use tax, and may reduce or increase the rate of the tax, at
9 an election in which a majority of the qualified voters of the
10 municipality approve the adoption, reduction, increase, or repeal
11 of the tax.

12 SECTION 13. Section 321.102(a), Tax Code, is amended to
13 read as follows:

14 (a) A tax imposed under this chapter, a tax rate increase or
15 decrease adopted under this chapter, or the repeal of a tax
16 abolished under this chapter takes effect on the first day of the
17 first calendar quarter occurring after the expiration of the first
18 complete calendar quarter occurring after the date on which the
19 comptroller receives a notice of the action as required by Section
20 321.405(b). This subsection does not apply to the additional
21 municipal sales and use tax.

22 SECTION 14. Section 321.103, Tax Code, is amended to read as
23 follows:

24 Sec. 321.103. SALES TAX. (a) In a municipality that has
25 adopted the tax authorized by Section 321.101(a), there is imposed
26 a tax on the receipts from the sale at retail of taxable items
27 within the municipality at any [the] rate that is an increment of

1 one-eighth of one percent, that the municipality determines is
2 appropriate, that would not result in a combined rate that exceeds
3 the maximum combined rate prescribed by Section 321.101(f), and
4 that is approved by the voters. The tax is imposed [~~of one percent~~
5 ~~and~~] at the same rate on the receipts from the sale at retail within
6 the municipality of gas and electricity for residential use.

7 (b) In a municipality that has adopted the additional
8 municipal sales and use tax, the tax is imposed at any [~~the~~] rate
9 that is an increment of one-eighth of one percent, that the
10 municipality determines is appropriate, that would not result in a
11 combined rate that exceeds the maximum combined rate prescribed by
12 Section 321.101(f), and that is approved by the voters. [~~The rate,~~
13 ~~when the tax is adopted, must be equal to either one-eighth,~~
14 ~~one-fourth, three-eighths, or one-half of one percent.~~] The rate
15 may be reduced in one or more increments of one-eighth of one
16 percent [~~to a minimum of one-eighth of one percent~~] or increased in
17 one or more increments of one-eighth of one percent [~~to a maximum of~~
18 ~~one-half of one percent, or the tax may be abolished~~]. The rate
19 that the municipality adopts is on the receipts from the sale at
20 retail of all taxable items within the municipality and at the same
21 rate on the receipts from the sale at retail within the municipality
22 of gas and electricity for residential use unless the residential
23 use of gas and electricity is exempted from the tax imposed under
24 Section 321.101(a), in which case the residential use of gas and
25 electricity is exempted under this subsection also.

26 SECTION 15. Section 321.108(d), Tax Code, is amended to
27 read as follows:

1 (d) The rate of a tax adopted for a district under this
2 section may be increased to any rate that is an increment [~~in~~
3 ~~increments~~] of one-eighth of one percent [~~, not to exceed a total tax~~
4 ~~rate of one-half percent~~] for financing the operation of the crime
5 control and prevention district[~~7~~] by order of the board of
6 directors of the crime control and prevention district if the board
7 determines that the rate is appropriate, would not result in a
8 combined rate that exceeds the maximum combined rate prescribed by
9 Section 321.101(f), and is approved by a majority of the voters
10 voting at an election called by the board and held in the district
11 on the question of increasing the tax rate. At the election, the
12 ballot shall be printed to provide for voting for or against the
13 following proposition: "The increase of the _____ Crime
14 Control and Prevention District sales and use tax rate to
15 _____ percent." If there is an increase or decrease under
16 this subsection in the rate of a tax imposed under this section, the
17 new rate takes effect on the first day of the next calendar quarter
18 after the expiration of one calendar quarter after the comptroller
19 receives notice of the increase or decrease. However, if the
20 comptroller notifies the president of the board of directors of the
21 district in writing within 10 days after receipt of the
22 notification that the comptroller requires more time to implement
23 reporting and collection procedures, the comptroller may delay
24 implementation of the rate change for another calendar quarter, and
25 the new rate takes effect on the first day of the next calendar
26 quarter following the elapsed quarter.

27 SECTION 16. Section 321.404, Tax Code, is amended by

1 amending Subsections (a) and (c) and adding Subsection (d) to read
2 as follows:

3 (a) In an election to adopt the tax, the ballot shall be
4 printed to provide for voting for or against the applicable
5 proposition: "A ~~[one percent]~~ sales and use tax is adopted within
6 the city at the rate of _____ percent" (insert appropriate rate)
7 or "The adoption of an additional sales and use tax within the city
8 at the rate of _____ ~~[of one]~~ percent to be used to reduce the
9 property tax rate" (insert [one-eighth, one-fourth, three-eighths,
10 ~~or one-half to be inserted as]~~ appropriate rate).

11 (c) In a municipality that does not impose a property tax,
12 the ballot at an election to adopt the additional municipal sales
13 and use tax shall be printed to provide for voting for or against
14 the following proposition: "The adoption of an additional sales
15 and use tax within the city at the rate of _____ ~~[of one]~~
16 percent" (insert [one-eighth, one-fourth, three-eighths, or
17 ~~one-half to be inserted as]~~ appropriate rate).

18 (d) In an election to reduce or increase the tax, the ballot
19 shall be printed to provide for voting for or against the
20 proposition: "The adoption of a local sales and use tax in (name of
21 municipality) at the rate of _____ (insert appropriate rate)."

22 SECTION 17. Section 321.405(a), Tax Code, is amended to
23 read as follows:

24 (a) Within 10 days after an election in which the voters
25 approve of the adoption, change in rate, or abolition of a tax
26 authorized by this chapter, the governing body of the municipality
27 shall by resolution or ordinance entered in its minutes of

1 proceedings, declare the results of the election. A resolution or
2 ordinance under this section must include statements showing:

- 3 (1) the date of the election;
- 4 (2) the proposition on which the vote was held;
- 5 (3) the total number of votes cast for and against the
6 proposition; and
- 7 (4) the number of votes by which the proposition was
8 approved.

9 SECTION 18. Section 327.004, Tax Code, is amended to read as
10 follows:

11 Sec. 327.004. TAX RATE. The tax authorized by this chapter
12 may be imposed at any rate that is an increment of one-eighth of one
13 percent, that the municipality determines is appropriate, and that
14 would not result in a combined rate that exceeds the maximum
15 combined rate prescribed by Section 327.003(b) [~~the rate of~~
16 ~~one-eighth of one percent or one-fourth of one percent]~~.

17 SECTION 19. Section 327.006(b), Tax Code, is amended to
18 read as follows:

19 (b) At an election to adopt the tax, the ballot shall be
20 prepared to permit voting for or against the proposition: "The
21 adoption of a local sales and use tax in (name of municipality) at
22 the rate of (insert appropriate rate [~~one-eighth of one percent or~~
23 ~~one-fourth of one percent]~~) to provide revenue for maintenance and
24 repair of municipal streets."

25 SECTION 20. Section 327.0065, Tax Code, is amended to read
26 as follows:

27 Sec. 327.0065. RATE CHANGE. (a) A municipality that has

1 adopted a sales and use tax under this chapter [~~at a rate of~~
2 ~~one-fourth of one percent~~] may by ordinance decrease the rate of the
3 tax in increments of [~~to~~] one-eighth of one percent.

4 (b) A municipality that has adopted a sales and use tax
5 under this chapter [~~at a rate of one-eighth of one percent~~] may by
6 ordinance increase the rate of the tax to any rate that is an
7 increment of one-eighth of one percent, that the municipality
8 determines is appropriate, and that would not result in a combined
9 rate that exceeds the maximum combined rate prescribed by Section
10 327.003(b) [~~to one-fourth of one percent~~] if the increase is
11 authorized at an election held in the municipality.

12 (c) The ballot for an election to increase the tax shall be
13 printed to permit voting for or against the proposition: "The
14 adoption of a local sales and use tax in (name of municipality) at
15 the rate of (insert appropriate rate) [~~one-fourth of one percent~~]
16 to provide revenue for maintenance and repair of municipal
17 streets."

18 SECTION 21. The changes in law made by this Act to Sections
19 334.084(c), 504.256, and 504.261(b), Local Government Code, and
20 Sections 321.404, 327.006(b), and 327.0065(c), Tax Code, apply only
21 to ballot language for an election ordered on or after the effective
22 date of this Act. Ballot language for an election ordered before the
23 effective date of this Act is governed by the law in effect when the
24 election was ordered.

25 SECTION 22. This Act takes effect September 1, 2015.