

1-1 By: Larson, Springer (Senate Sponsor - Eltife) H.B. No. 157
 1-2 (In the Senate - Received from the House April 13, 2015;
 1-3 May 7, 2015, read first time and referred to Committee on Finance;
 1-4 May 12, 2015, reported favorably by the following vote: Yeas 8,
 1-5 Nays 1, 1 present not voting; May 12, 2015, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7 Nelson	X			
1-8 Hinojosa	X			
1-9 Bettencourt		X		
1-10 Eltife	X			
1-11 Hancock	X			
1-12 Huffman	X			
1-13 Kolkhorst				X
1-14 Nichols			X	
1-15 Schwertner	X			
1-16 Seliger	X			
1-17 Taylor of Galveston			X	
1-18 Uresti	X			
1-19 Watson			X	
1-20 West			X	
1-21 Whitmire			X	

1-23 A BILL TO BE ENTITLED
 1-24 AN ACT

1-25 relating to the rates of sales and use taxes imposed by
 1-26 municipalities; authorizing an increase or decrease in the rate of
 1-27 those taxes.

1-28 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-29 SECTION 1. Section 334.082(d), Local Government Code, is
 1-30 amended to read as follows:

1-31 (d) The tax imposed by this subchapter is in addition to a
 1-32 tax imposed under other law, including Chapters 321 and 323, Tax
 1-33 Code, and is included in computing a combined sales and use tax rate
 1-34 for purposes of the limitation on the maximum combined sales and use
 1-35 tax rate of political subdivisions.

1-36 SECTION 2. Section 334.083(a), Local Government Code, is
 1-37 amended to read as follows:

1-38 (a) The rate of a tax adopted by a county under this
 1-39 subchapter must be one-eighth, one-fourth, three-eighths, or
 1-40 one-half of one percent. The rate of the tax adopted by a
 1-41 municipality may be any rate that is an increment of one-eighth of
 1-42 one percent, that the municipality determines is appropriate, and
 1-43 that would not result in a combined rate that exceeds the maximum
 1-44 combined rate prescribed by Section 321.101(f), Tax Code.

1-45 SECTION 3. Section 334.084, Local Government Code, is
 1-46 amended to read as follows:

1-47 Sec. 334.084. RATE INCREASE. (a) A municipality [~~or~~
 1-48 ~~county~~] that has adopted a sales and use tax under this subchapter
 1-49 at any rate, and a county that has adopted a sales and use tax under
 1-50 this subchapter at a rate of less than one-half of one percent, may
 1-51 by ordinance or order increase the rate of the tax if the increase
 1-52 is approved by a majority of the registered voters of that
 1-53 municipality or county voting at an election called and held for
 1-54 that purpose.

1-55 (b) The county tax may be increased under Subsection (a) in
 1-56 one or more increments of one-eighth of one percent to a maximum of
 1-57 one-half of one percent. The municipal tax may be increased under
 1-58 Subsection (a) in one or more increments of one-eighth of one
 1-59 percent to any rate that the municipality determines is appropriate
 1-60 and that would not result in a combined rate that exceeds the
 1-61 maximum combined rate prescribed by Section 321.101(f), Tax Code.

2-1 (c) The ballot for an election to increase the tax shall be
 2-2 printed to permit voting for or against the proposition: "The
 2-3 adoption of a sales and use tax for the purpose of financing _____
 2-4 (insert description of venue project) at the rate of _____ [~~of~~
 2-5 ~~one~~] percent (insert [~~one-fourth, three-eighths, or one-half, as~~
 2-6 appropriate rate)."

2-7 SECTION 4. Section 363.055(a), Local Government Code, is
 2-8 amended to read as follows:

2-9 (a) The proposed rate for the district sales and use tax
 2-10 imposed under Subchapter B, Chapter 321, Tax Code, may be any rate
 2-11 that is an increment of one-eighth of one percent, that the
 2-12 municipality determines is appropriate, and that would not result
 2-13 in a combined rate that exceeds the maximum combined rate
 2-14 prescribed by Section 321.101(f), Tax Code. The proposed rate for
 2-15 the district sales and use tax imposed under [Subchapter B, Chapter
 2-16 321, Tax Code, or] Subchapter B, Chapter 323, Tax Code, may be only:

- 2-17 (1) one-eighth of one percent;
 2-18 (2) one-fourth of one percent;
 2-19 (3) three-eighths of one percent; or
 2-20 (4) one-half of one percent.

2-21 SECTION 5. Section 504.252(b), Local Government Code, is
 2-22 amended to read as follows:

2-23 (b) The rate of the tax imposed under Subsection (a) may be
 2-24 any rate that is an increment of one-eighth of one percent, that the
 2-25 authorizing municipality determines is appropriate, and that would
 2-26 not result in a combined rate that exceeds the maximum combined rate
 2-27 prescribed by Section 504.254(a) [~~must be equal to one-eighth,~~
 2-28 ~~one-fourth, three-eighths, or one-half of one percent].~~

2-29 SECTION 6. Section 504.256, Local Government Code, is
 2-30 amended to read as follows:

2-31 Sec. 504.256. BALLOT. In an election to adopt the sales and
 2-32 use tax under this chapter, the ballot shall be printed to provide
 2-33 for voting for or against the proposition: "The adoption of a
 2-34 sales and use tax for the promotion and development of new and
 2-35 expanded business enterprises at the rate of _____ [~~of one~~
 2-36 percent" (insert [~~one-eighth, one-fourth, three-eighths, or~~
 2-37 ~~one-half to be inserted as] appropriate rate).~~

2-38 SECTION 7. Section 504.258(c), Local Government Code, is
 2-39 amended to read as follows:

2-40 (c) The tax rate may be reduced or increased to any rate that
 2-41 is an increment of one-eighth of one percent, that the authorizing
 2-42 municipality determines is appropriate, and that would not result
 2-43 in a combined rate that exceeds the maximum combined rate
 2-44 prescribed by Section 504.254(a) [+

2-45 (1) reduced in one or more increments of one-eighth
 2-46 of one percent, to a minimum rate of one-eighth of one percent; or
 2-47 (2) increased in one or more increments of one-eighth
 2-48 of one percent, to a maximum rate of one-half of one percent].

2-49 SECTION 8. Section 504.261(b), Local Government Code, is
 2-50 amended to read as follows:

2-51 (b) In an election to impose, reduce, increase, or abolish
 2-52 the tax under this chapter and the additional sales and use tax, the
 2-53 ballot shall be printed to provide for voting for or against the
 2-54 proposition: "The adoption of a sales and use tax within the
 2-55 municipality for the promotion and development of new and expanded
 2-56 business enterprises at the rate of _____ [~~of one~~] percent
 2-57 (insert [~~one-eighth, one-fourth, three-eighths, or one-half to be~~
 2-58 inserted as] appropriate rate) and the adoption of an additional
 2-59 sales and use tax within the municipality at the rate of _____
 2-60 [~~of one~~] percent to be used to reduce the property tax rate" (insert
 2-61 [~~one-eighth, one-fourth, three-eighths, or one-half to be inserted~~
 2-62 as] appropriate rate).

2-63 SECTION 9. Section 505.252(b), Local Government Code, is
 2-64 amended to read as follows:

2-65 (b) The rate of a tax adopted under this chapter may be any
 2-66 rate that is an increment of one-eighth of one percent, that the
 2-67 authorizing municipality determines is appropriate, and that would
 2-68 not result in a combined rate that exceeds the maximum combined rate
 2-69 prescribed by Section 505.256(a) [~~must be equal to one-eighth,~~

3-1 ~~one-fourth, three-eighths, or one-half of one percent~~].

3-2 SECTION 10. Section 505.256(a), Local Government Code, is
3-3 amended to read as follows:

3-4 (a) Chapter 321, Tax Code, governs the imposition,
3-5 computation, administration, collection, and remittance of the
3-6 sales and use tax, except as inconsistent with this chapter. An
3-7 authorizing municipality may not adopt a rate under this chapter
3-8 that, when added to the rates of all other sales and use taxes
3-9 imposed by the authorizing municipality and other political
3-10 subdivisions of this state having territory in the authorizing
3-11 municipality, would result in a combined rate exceeding two percent
3-12 at any location in the municipality.

3-13 SECTION 11. Section 505.259, Local Government Code, is
3-14 amended to read as follows:

3-15 Sec. 505.259. ELECTION REQUIREMENT FOR CERTAIN
3-16 MUNICIPALITIES. For a tax under this subchapter at a rate that does
3-17 not exceed one-half of one percent, the [The] election requirement
3-18 under Section 505.251 is satisfied and another election is not
3-19 required if the voters of the authorizing municipality approved the
3-20 imposition of an additional one-half cent sales and use tax at an
3-21 election held before March 28, 1991, under an ordinance calling the
3-22 election that:

3-23 (1) was published in a newspaper of general
3-24 circulation in the municipality at least 14 days before the date of
3-25 the election; and

3-26 (2) expressly stated that the election was being held
3-27 in anticipation of the enactment of enabling and implementing
3-28 legislation without further elections.

3-29 SECTION 12. Section 321.101(a), Tax Code, is amended to
3-30 read as follows:

3-31 (a) A municipality may adopt or repeal a sales and use tax
3-32 authorized by this chapter, other than the additional municipal
3-33 sales and use tax, and may reduce or increase the rate of the tax, at
3-34 an election in which a majority of the qualified voters of the
3-35 municipality approve the adoption, reduction, increase, or repeal
3-36 of the tax.

3-37 SECTION 13. Section 321.102(a), Tax Code, is amended to
3-38 read as follows:

3-39 (a) A tax imposed under this chapter, a tax rate increase or
3-40 decrease adopted under this chapter, or the repeal of a tax
3-41 abolished under this chapter takes effect on the first day of the
3-42 first calendar quarter occurring after the expiration of the first
3-43 complete calendar quarter occurring after the date on which the
3-44 comptroller receives a notice of the action as required by Section
3-45 321.405(b). This subsection does not apply to the additional
3-46 municipal sales and use tax.

3-47 SECTION 14. Section 321.103, Tax Code, is amended to read as
3-48 follows:

3-49 Sec. 321.103. SALES TAX. (a) In a municipality that has
3-50 adopted the tax authorized by Section 321.101(a), there is imposed
3-51 a tax on the receipts from the sale at retail of taxable items
3-52 within the municipality at any [the] rate that is an increment of
3-53 one-eighth of one percent, that the municipality determines is
3-54 appropriate, that would not result in a combined rate that exceeds
3-55 the maximum combined rate prescribed by Section 321.101(f), and
3-56 that is approved by the voters. The tax is imposed [of one percent
3-57 and] at the same rate on the receipts from the sale at retail within
3-58 the municipality of gas and electricity for residential use.

3-59 (b) In a municipality that has adopted the additional
3-60 municipal sales and use tax, the tax is imposed at any [the] rate
3-61 that is an increment of one-eighth of one percent, that the
3-62 municipality determines is appropriate, that would not result in a
3-63 combined rate that exceeds the maximum combined rate prescribed by
3-64 Section 321.101(f), and that is approved by the voters. [The rate,
3-65 when the tax is adopted, must be equal to either one-eighth,
3-66 one-fourth, three-eighths, or one-half of one percent.] The rate
3-67 may be reduced in one or more increments of one-eighth of one
3-68 percent [to a minimum of one-eighth of one percent] or increased in
3-69 one or more increments of one-eighth of one percent [to a maximum of

4-1 ~~one-half of one percent, or the tax may be abolished].~~ The rate
 4-2 that the municipality adopts is on the receipts from the sale at
 4-3 retail of all taxable items within the municipality and at the same
 4-4 rate on the receipts from the sale at retail within the municipality
 4-5 of gas and electricity for residential use unless the residential
 4-6 use of gas and electricity is exempted from the tax imposed under
 4-7 Section 321.101(a), in which case the residential use of gas and
 4-8 electricity is exempted under this subsection also.

4-9 SECTION 15. Section 321.108(d), Tax Code, is amended to
 4-10 read as follows:

4-11 (d) The rate of a tax adopted for a district under this
 4-12 section may be increased to any rate that is an increment [~~in~~
 4-13 ~~increments~~] of one-eighth of one percent [~~, not to exceed a total tax~~
 4-14 ~~rate of one-half percent]~~ for financing the operation of the crime
 4-15 control and prevention district[~~,~~] by order of the board of
 4-16 directors of the crime control and prevention district if the board
 4-17 determines that the rate is appropriate, would not result in a
 4-18 combined rate that exceeds the maximum combined rate prescribed by
 4-19 Section 321.101(f), and is approved by a majority of the voters
 4-20 voting at an election called by the board and held in the district
 4-21 on the question of increasing the tax rate. At the election, the
 4-22 ballot shall be printed to provide for voting for or against the
 4-23 following proposition: "The increase of the _____ Crime
 4-24 Control and Prevention District sales and use tax rate to
 4-25 _____ percent." If there is an increase or decrease under
 4-26 this subsection in the rate of a tax imposed under this section, the
 4-27 new rate takes effect on the first day of the next calendar quarter
 4-28 after the expiration of one calendar quarter after the comptroller
 4-29 receives notice of the increase or decrease. However, if the
 4-30 comptroller notifies the president of the board of directors of the
 4-31 district in writing within 10 days after receipt of the
 4-32 notification that the comptroller requires more time to implement
 4-33 reporting and collection procedures, the comptroller may delay
 4-34 implementation of the rate change for another calendar quarter, and
 4-35 the new rate takes effect on the first day of the next calendar
 4-36 quarter following the elapsed quarter.

4-37 SECTION 16. Section 321.404, Tax Code, is amended by
 4-38 amending Subsections (a) and (c) and adding Subsection (d) to read
 4-39 as follows:

4-40 (a) In an election to adopt the tax, the ballot shall be
 4-41 printed to provide for voting for or against the applicable
 4-42 proposition: "A [~~one percent~~] sales and use tax is adopted within
 4-43 the city at the rate of _____ percent" (insert appropriate rate)
 4-44 or "The adoption of an additional sales and use tax within the city
 4-45 at the rate of _____ [~~of one~~] percent to be used to reduce the
 4-46 property tax rate" (insert [~~one-eighth, one-fourth, three-eighths,~~
 4-47 ~~or one-half to be inserted as~~] appropriate rate).

4-48 (c) In a municipality that does not impose a property tax,
 4-49 the ballot at an election to adopt the additional municipal sales
 4-50 and use tax shall be printed to provide for voting for or against
 4-51 the following proposition: "The adoption of an additional sales
 4-52 and use tax within the city at the rate of _____ [~~of one~~]
 4-53 percent" (insert [~~one-eighth, one-fourth, three-eighths,~~
 4-54 ~~or one-half to be inserted as~~] appropriate rate).

4-55 (d) In an election to reduce or increase the tax, the ballot
 4-56 shall be printed to provide for voting for or against the
 4-57 proposition: "The adoption of a local sales and use tax in (name of
 4-58 municipality) at the rate of _____ (insert appropriate rate)."

4-59 SECTION 17. Section 321.405(a), Tax Code, is amended to
 4-60 read as follows:

4-61 (a) Within 10 days after an election in which the voters
 4-62 approve of the adoption, change in rate, or abolition of a tax
 4-63 authorized by this chapter, the governing body of the municipality
 4-64 shall by resolution or ordinance entered in its minutes of
 4-65 proceedings, declare the results of the election. A resolution or
 4-66 ordinance under this section must include statements showing:

- 4-67 (1) the date of the election;
 4-68 (2) the proposition on which the vote was held;
 4-69 (3) the total number of votes cast for and against the

5-1 proposition; and
5-2 (4) the number of votes by which the proposition was
5-3 approved.

5-4 SECTION 18. Section 327.004, Tax Code, is amended to read as
5-5 follows:

5-6 Sec. 327.004. TAX RATE. The tax authorized by this chapter
5-7 may be imposed at any rate that is an increment of one-eighth of one
5-8 percent, that the municipality determines is appropriate, and that
5-9 would not result in a combined rate that exceeds the maximum
5-10 combined rate prescribed by Section 327.003(b) [the rate of
5-11 one-eighth of one percent or one-fourth of one percent].

5-12 SECTION 19. Section 327.006(b), Tax Code, is amended to
5-13 read as follows:

5-14 (b) At an election to adopt the tax, the ballot shall be
5-15 prepared to permit voting for or against the proposition: "The
5-16 adoption of a local sales and use tax in (name of municipality) at
5-17 the rate of (insert appropriate rate [~~one-eighth of one percent or~~
5-18 ~~one-fourth of one percent~~]) to provide revenue for maintenance and
5-19 repair of municipal streets."

5-20 SECTION 20. Section 327.0065, Tax Code, is amended to read
5-21 as follows:

5-22 Sec. 327.0065. RATE CHANGE. (a) A municipality that has
5-23 adopted a sales and use tax under this chapter [~~at a rate of~~
5-24 ~~one-fourth of one percent~~] may by ordinance decrease the rate of the
5-25 tax in increments of [to] one-eighth of one percent.

5-26 (b) A municipality that has adopted a sales and use tax
5-27 under this chapter [~~at a rate of one-eighth of one percent~~] may by
5-28 ordinance increase the rate of the tax to any rate that is an
5-29 increment of one-eighth of one percent, that the municipality
5-30 determines is appropriate, and that would not result in a combined
5-31 rate that exceeds the maximum combined rate prescribed by Section
5-32 327.003(b) [to one-fourth of one percent] if the increase is
5-33 authorized at an election held in the municipality.

5-34 (c) The ballot for an election to increase the tax shall be
5-35 printed to permit voting for or against the proposition: "The
5-36 adoption of a local sales and use tax in (name of municipality) at
5-37 the rate of (insert appropriate rate) [~~one-fourth of one percent~~]
5-38 to provide revenue for maintenance and repair of municipal
5-39 streets."

5-40 SECTION 21. The changes in law made by this Act to Sections
5-41 334.084(c), 504.256, and 504.261(b), Local Government Code, and
5-42 Sections 321.404, 327.006(b), and 327.0065(c), Tax Code, apply only
5-43 to ballot language for an election ordered on or after the effective
5-44 date of this Act. Ballot language for an election ordered before the
5-45 effective date of this Act is governed by the law in effect when the
5-46 election was ordered.

5-47 SECTION 22. This Act takes effect September 1, 2015.

5-48

* * * * *