

By: Cain

H.B. No. 4363

A BILL TO BE ENTITLED

1 AN ACT

2 relating to an increase in the state sales and use tax rate for the
3 purpose of reducing school district maintenance and operations ad
4 valorem taxes and a study of additional changes to the rate and
5 application of the state sales and use tax for that same purpose;
6 increasing the rate of a tax.

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

8 SECTION 1. Section 151.051(b), Tax Code, is amended to read
9 as follows:

10 (b) The sales tax rate is 10.25 [~~6-1/4~~] percent of the sales
11 price of the taxable item sold.

12 SECTION 2. Subchapter M, Chapter 151, Tax Code, is amended
13 by adding Section 151.803 to read as follows:

14 Sec. 151.803. ALLOCATION OF CERTAIN REVENUE TO SCHOOL
15 DISTRICT PROPERTY TAX REDUCTION. Notwithstanding Section 151.801,
16 the comptroller shall deposit an amount of revenue equal to the
17 proceeds derived from the collection of taxes imposed by this
18 chapter attributable to the portion of the tax rate in excess of
19 6.25 percent of the sales price of the taxable item sold to the
20 credit of the property tax relief fund. Money credited to the fund
21 under this section may be appropriated only to reduce school
22 district maintenance and operations ad valorem tax rates in a
23 manner consistent with Section 403.109, Government Code.

24 SECTION 3. (a) The comptroller of public accounts shall

1 study the rate of, and the exemptions, discounts, exclusions,
2 credits, and special reporting methods applicable to, the state
3 sales and use tax for the purpose of identifying alternative
4 sources of funding for public primary and secondary education in
5 this state other than local property taxes.

6 (b) In the study, the comptroller must:

7 (1) determine the intended purpose of each exemption,
8 discount, exclusion, credit, or special reporting method and
9 evaluate whether the exemption, discount, exclusion, credit, or
10 special reporting method achieves that purpose;

11 (2) evaluate the effect of each exemption, discount,
12 exclusion, credit, or special reporting method on state revenue;
13 and

14 (3) evaluate the rate at which the state sales and use
15 tax would need to be imposed to fully fund the cost of public
16 primary and secondary education in this state if:

17 (A) each exemption, discount, exclusion, credit,
18 or special reporting method identified by the comptroller as
19 underperforming were repealed; and

20 (B) school district maintenance and operations
21 ad valorem taxes were abolished.

22 (c) Not later than November 1, 2020, the comptroller shall
23 prepare and deliver to the governor, the lieutenant governor, and
24 each member of the legislature a report of the findings of the
25 study.

26 (d) This section expires January 1, 2021.

27 SECTION 4. This Act takes effect October 1, 2019.