

By: Johnson

S.B. No. 402

A BILL TO BE ENTITLED

AN ACT

relating to the municipal sales and use tax for street maintenance.

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

SECTION 1. Section 327.007, Tax Code, is amended by amending Subsections (a) and (b) and adding Subsection (b-1) to read as follows:

(a) Unless imposition of the sales and use tax authorized by this chapter is reauthorized as provided by this section, the tax expires on:

(1) the fourth anniversary of the date the tax originally took effect under Section 327.005;

(2) the first day of the first calendar quarter occurring after the fourth anniversary of the date the tax was last reauthorized at an election under Subsection (b) ~~[under this section]~~ if, at that election, the voters approved the imposition of the tax for a period that expires on that anniversary;

~~[(2-a) if the tax is imposed in a municipality that is intersected by two interstate highways, that has a population of 150,000 or more, and in which at least 66 percent of the voters voting in each of the last two consecutive elections concerning the adoption or reauthorization of the tax favored adoption or reauthorization, and that tax has not expired as provided by Subdivision (1) or (2) since the first of those two consecutive elections, the last day of the first calendar quarter occurring~~

1 ~~after the eighth anniversary of the date the tax was last~~
2 ~~reauthorized under this section if, at that election, the voters~~
3 ~~approved the imposition of the tax for a period that expires on that~~
4 ~~anniversary instead of the period described by Subdivision (2),] or~~
5 (3) ~~[if the tax is imposed in a general-law~~
6 ~~municipality with a population of 10,000 or more surrounded~~
7 ~~entirely by a municipality with a population of 1.3 million or~~
8 ~~more,] the last day of the first calendar quarter occurring after~~
9 the 8th or 10th anniversary of the date the tax was last
10 reauthorized at an election under Subsection (b-1) ~~[under this~~
11 ~~section]~~ if, at that election, the voters approved the imposition
12 of the tax for a period that expires on that anniversary instead of
13 the period described by Subdivision (2).

14 (b) An election to reauthorize the tax for a period of four
15 years is called and held in the same manner as an election to adopt
16 the tax under Section 327.006, except the ballot proposition shall
17 be prepared to permit voting for or against the proposition: "The
18 reauthorization of the local sales and use tax in (name of
19 municipality) at the rate of (insert appropriate rate) to continue
20 providing revenue for maintenance and repair of municipal streets.
21 The tax expires on the first day of the first calendar quarter
22 occurring after the fourth ~~[(insert fourth, eighth, or 10th)]~~
23 anniversary of the date of this election unless the imposition of
24 the tax is reauthorized."

25 (b-1) This subsection applies only to a municipality in
26 which a majority of the voters voting in each of the last two
27 consecutive elections concerning the adoption or reauthorization

1 of the tax authorized by this chapter favored adoption or
2 reauthorization of the tax and in which the tax has not expired as
3 provided by Subsection (a) since the first of those two consecutive
4 elections. A municipality to which this subsection applies may
5 call an election to reauthorize the tax for a period of 8 or 10 years
6 instead of 4 years. The election is called and held in the same
7 manner as an election to adopt the tax under Section 327.006, except
8 the ballot proposition shall be prepared to permit voting for or
9 against the proposition: "The reauthorization of the local sales
10 and use tax in (name of municipality) at the rate of (insert
11 appropriate rate) to continue providing revenue for maintenance and
12 repair of municipal streets. The tax expires on the last day of the
13 first calendar quarter occurring after the (insert 8th or 10th
14 anniversary, as applicable) of the date of this election unless the
15 imposition of the tax is reauthorized."

16 SECTION 2. Section 327.008, Tax Code, is amended to read as
17 follows:

18 Sec. 327.008. USE OF TAX REVENUE. Revenue from the tax
19 imposed under this chapter may be used only to maintain and repair a
20 municipal:

- 21 (1) street or sidewalk; or
22 (2) water, wastewater, or stormwater system located in
23 the width of a way of a municipal street [~~streets or sidewalks~~
24 ~~existing on the date of the election to adopt the tax~~].

25 SECTION 3. (a) The change in law made by this Act to Section
26 327.007(a), Tax Code, applies only to the expiration of a sales and
27 use tax under Chapter 327, Tax Code, that is adopted or reauthorized

1 on or after the effective date of this Act. The expiration of a
2 sales and use tax that was adopted or last reauthorized before the
3 effective date of this Act is governed by the law in effect
4 immediately before the effective date of this Act, and the former
5 law is continued in effect for that purpose.

6 (b) Section 327.007(b), Tax Code, as amended by this Act,
7 and Section 327.007(b-1), Tax Code, as added by this Act, apply only
8 to ballot language for an election ordered on or after the effective
9 date of this Act. Ballot language for an election ordered before
10 the effective date of this Act is governed by the law in effect on
11 the date the election was ordered.

12 SECTION 4. This Act takes effect immediately if it receives
13 a vote of two-thirds of all the members elected to each house, as
14 provided by Section 39, Article III, Texas Constitution. If this
15 Act does not receive the vote necessary for immediate effect, this
16 Act takes effect September 1, 2021.