

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1277
By: Parker
Local Government
3/27/2025
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The street maintenance tax, or SMR, is a special sales tax in the Tax Code used by some cities to repair streets and sidewalks. Otherwise, these cities would not have the funds to maintain these important components of mobility infrastructure in their communities.

Under current law, SMR expires for most cities four years after it was approved by voters unless voters reauthorize the continued collection of the tax in an election. There are exceptions to the four-year reauthorization for certain cities under the current statute; the reauthorization term for those cities is eight or ten years.

S.B. 1277 will extend the reauthorization period to ten years for the City of Coppell so long as the other criteria under current law is also satisfied.

S.B. 1277 addresses the term of length of the reauthorization of the tax and affirms the uses of the tax.

(Original Author/Sponsor's Statement of Intent)

C.S.S.B. 1277 amends current law relating to the municipal sales and use tax for street maintenance.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 327.007(a) and (b), Tax Code, as follows:

(a) Provides that unless imposition of the sales and use tax authorized by Chapter 327 (Municipal Sales and Use Tax for Street Maintenance) is reauthorized as provided by Section 327.007 (Reauthorization of Tax), the tax expires on:

(1)-(2-a) makes no changes to these subdivisions;

(2-b) if the tax is imposed in a municipality with a population of less than 50,000, that includes a portion of an international airport, and that is located in only two counties, one of which has a population of 2.2 million or more and is adjacent to a county with a population of more than 600,000, the last day of the first calendar quarter occurring after the 10th anniversary of the date the tax was last reauthorized under this section if, at that election, the voters approved the imposition of the tax for a period that expires on that anniversary instead of the period described by Subdivision (2) (relating to providing that the tax expires on the first day of the first calendar quarter occurring after the fourth anniversary of the date the tax was last reauthorized under this section if, at that election, the voters approved the imposition of the tax for a period that expires on that anniversary); or

(3) makes no changes to this subdivision.

(b) Amends the language of the ballot proposition prepared for an election to authorize the tax to provide that the tax expires on the (insert "first day of the first calendar quarter occurring after the fourth anniversary" or "last day of the first calendar quarter occurring after the (insert eighth or 10th anniversary, as applicable)") of the date of this election unless the imposition of the tax is reauthorized." Makes nonsubstantive changes.

SECTION 2. Amends Section 327.008, Tax Code, as follows:

Sec. 327.008. USE OF TAX REVENUE. Provides that revenue from the tax imposed under this chapter is authorized to be used only to maintain and repair a municipal street or sidewalk or water, wastewater, or stormwater system located in the width of a way of a municipal street, rather than to maintain and repair streets or sidewalks existing on the date of the election to adopt the tax. Makes a nonsubstantive change.

SECTION 3. Makes application of Section 327.007(b), Tax Code, as amended by this Act, prospective.

SECTION 4. Effective date: upon passage or September 1, 2025.