

By: Paxton

S.B. No. 2747

A BILL TO BE ENTITLED

AN ACT

relating to limitations applicable to certain agreements providing for a rebate of municipal sales and use taxes or a grant or loan based on those taxes.

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

SECTION 1. Subchapter A, Chapter 321, Tax Code, is amended by adding Section 321.006 to read as follows:

Sec. 321.006. LIMITATIONS ON CERTAIN SALES TAX INCENTIVES.

(a) In this section, "affiliated group" has the meaning assigned by Section 171.0001.

(b) This section applies to one or more agreements:

(1) the parties to which include:

(A) a municipality or a local government corporation or other entity created by the municipality; and

(B) a retailer or an entity that is a member of the same affiliated group as a retailer;

(2) the terms of which include:

(A) the relocation of an existing place of business of the retailer described by Subdivision (1)(B) or a retailer that is a member of the same affiliated group as the retailer or entity described by Subdivision (1)(B) to the municipality described by Subdivision (1)(A) from one or more other municipalities in this state; or

(B) the establishment in the municipality

1 described by Subdivision (1)(A) of a new place of business of the
2 retailer described by Subdivision (1)(B) or a retailer that is a
3 member of the same affiliated group as the retailer or entity
4 described by Subdivision (1)(B);

5 (3) that have the effect of sales tax being payable to
6 the municipality described by Subdivision (1)(A) instead of one or
7 more other municipalities in this state; and

8 (4) under which the municipality, corporation, or
9 other entity described by Subdivision (1)(A) agrees to:

10 (A) rebate to the retailer or entity described by
11 Subdivision (1)(B), a member of the retailer or entity's affiliated
12 group, or another party designated by the retailer or entity an
13 amount of tax imposed by the municipality under this chapter or an
14 amount of revenue derived from that tax; or

15 (B) provide a grant or loan to the retailer or
16 entity described by Subdivision (1)(B), a member of the retailer or
17 entity's affiliated group, or another party designated by the
18 retailer or entity in an amount that is based on an amount of tax
19 imposed by the municipality under this chapter or based on an amount
20 of revenue derived from that tax.

21 (c) Notwithstanding any other law, a municipality or a local
22 government corporation or other entity created by the municipality
23 may not enter into an agreement to which this section applies with a
24 retailer, a member of the retailer's affiliated group, or another
25 party designated by the retailer that results in the relocation or
26 establishment of a place of business as described by Subsection
27 (b)(2)(A) or (B) unless:

1 (1) the agreement changes the economic position, other
2 than through a tax benefit, of the retailer, a member of the
3 retailer's affiliated group, or another party designated by the
4 retailer; and

5 (2) the retailer, member of the retailer's affiliated
6 group, or another party designated by the retailer has a
7 substantial purpose, other than a tax benefit, for entering into
8 the agreement.

9 (d) If the comptroller determines that a municipality,
10 local government corporation, or other entity has violated
11 Subsection (c), the comptroller shall, with respect to the
12 retailer, disregard the place of business described by Subsection
13 (b)(2)(A) or (B) when determining where the sale of taxable items is
14 consummated under Section [321.203](#) and revoke any sales tax permit
15 issued for the location.

16 SECTION 2. This Act takes effect September 1, 2025.