

1-1 By: Larson (Senate Sponsor - Eltife) H.B. No. 1511  
1-2 (In the Senate - Received from the House May 10, 2013;  
1-3 May 10, 2013, read first time and referred to Committee on Finance;  
1-4 May 20, 2013, reported favorably by the following vote: Yeas 14,  
1-5 Nays 0; May 20, 2013, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	Williams	X		
1-9	Hinojosa	X		
1-10	Deuell	X		
1-11	Duncan	X		
1-12	Eltife	X		
1-13	Estes	X		
1-14	Hegar	X		
1-15	Huffman	X		
1-16	Lucio	X		
1-17	Nelson	X		
1-18	Patrick	X		
1-19	Seliger	X		
1-20	West		X	
1-21	Whitmire	X		
1-22	Zaffirini	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.

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

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

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

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

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

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

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

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

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

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

~~[(1) reduced in one or more increments of one-eighth of one percent, to a minimum rate of one-eighth of one percent; or~~

~~[(2) increased in one or more increments of one-eighth of one percent, to a maximum rate of one-half of one percent].~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 14. Section 321.103, Tax Code, is amended to read as follows:

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

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

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

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

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

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

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

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

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

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

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

- (1) the date of the election;
- (2) the proposition on which the vote was held;
- (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. Section 327.007(a), Tax Code, is amended to  
5-41 read as follows:

5-42 (a) Unless imposition of the sales and use tax authorized by  
5-43 this chapter is reauthorized as provided by this section, the tax  
5-44 expires on:

5-45 (1) the eighth ~~[fourth]~~ anniversary of the date the  
5-46 tax originally took effect under Section 327.005; or

5-47 (2) the first day of the first calendar quarter  
5-48 occurring after the eighth ~~[fourth]~~ anniversary of the date the tax  
5-49 was last reauthorized under this section.

5-50 SECTION 22. (a) The changes in law made by this Act to  
5-51 Sections 334.084(c), 504.256, and 504.261(b), Local Government  
5-52 Code, and Sections 321.404, 327.006(b), and 327.0065(c), Tax Code,  
5-53 apply only to ballot language for an election ordered on or after  
5-54 the effective date of this Act. Ballot language for an election  
5-55 ordered before the effective date of this Act is governed by the law  
5-56 in effect when the election was ordered.

5-57 (b) The change in law made by this Act to Section  
5-58 327.007(a), Tax Code, applies only to the expiration of a sales and  
5-59 use tax under Chapter 327, Tax Code, that is adopted or reauthorized  
5-60 on or after the effective date of this Act. The expiration of a  
5-61 sales and use tax that was adopted or last reauthorized before the  
5-62 effective date of this Act is governed by the law in effect  
5-63 immediately before the effective date of this Act, and the former  
5-64 law is continued in effect for that purpose.

5-65 SECTION 23. This Act takes effect September 1, 2013.

5-66 \* \* \* \* \*