

1-1 By: Johnson S.B. No. 402
 1-2 (In the Senate - Filed January 22, 2021; March 9, 2021, read
 1-3 first time and referred to Committee on Local Government;
 1-4 May 4, 2021, reported favorably by the following vote: Yeas 8,
 1-5 Nays 0; May 4, 2021, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9			X	
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			

1-17 A BILL TO BE ENTITLED
 1-18 AN ACT

1-19 relating to the municipal sales and use tax for street maintenance.
 1-20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
 1-21 SECTION 1. Section 327.007, Tax Code, is amended by
 1-22 amending Subsections (a) and (b) and adding Subsection (b-1) to
 1-23 read as follows:
 1-24 (a) Unless imposition of the sales and use tax authorized by
 1-25 this chapter is reauthorized as provided by this section, the tax
 1-26 expires on:
 1-27 (1) the fourth anniversary of the date the tax
 1-28 originally took effect under Section 327.005;
 1-29 (2) the first day of the first calendar quarter
 1-30 occurring after the fourth anniversary of the date the tax was last
 1-31 reauthorized at an election under Subsection (b) ~~under this~~
 1-32 ~~section~~ if, at that election, the voters approved the imposition
 1-33 of the tax for a period that expires on that anniversary;
 1-34 ~~[(2-a) if the tax is imposed in a municipality that is~~
 1-35 ~~intersected by two interstate highways, that has a population of~~
 1-36 ~~150,000 or more, and in which at least 66 percent of the voters~~
 1-37 ~~voting in each of the last two consecutive elections concerning the~~
 1-38 ~~adoption or reauthorization of the tax favored adoption or~~
 1-39 ~~reauthorization, and that tax has not expired as provided by~~
 1-40 ~~Subdivision (1) or (2) since the first of those two consecutive~~
 1-41 ~~elections, the last day of the first calendar quarter occurring~~
 1-42 ~~after the eighth anniversary of the date the tax was last~~
 1-43 ~~reauthorized under this section if, at that election, the voters~~
 1-44 ~~approved the imposition of the tax for a period that expires on that~~
 1-45 ~~anniversary instead of the period described by Subdivision (2),] or~~
 1-46 (3) ~~[if the tax is imposed in a general-law~~
 1-47 ~~municipality with a population of 10,000 or more surrounded~~
 1-48 ~~entirely by a municipality with a population of 1.3 million or~~
 1-49 ~~more,] the last day of the first calendar quarter occurring after~~
 1-50 ~~the 8th or 10th anniversary of the date the tax was last~~
 1-51 ~~reauthorized at an election under Subsection (b-1) under this~~
 1-52 ~~section~~ if, at that election, the voters approved the imposition
 1-53 of the tax for a period that expires on that anniversary instead of
 1-54 the period described by Subdivision (2).
 1-55 (b) An election to reauthorize the tax for a period of four
 1-56 years is called and held in the same manner as an election to adopt
 1-57 the tax under Section 327.006, except the ballot proposition shall
 1-58 be prepared to permit voting for or against the proposition: "The
 1-59 reauthorization of the local sales and use tax in (name of
 1-60 municipality) at the rate of (insert appropriate rate) to continue
 1-61 providing revenue for maintenance and repair of municipal streets.

2-1 The tax expires on the first day of the first calendar quarter
 2-2 occurring after the fourth [~~insert fourth, eighth, or 10th~~]
 2-3 anniversary of the date of this election unless the imposition of
 2-4 the tax is reauthorized."

2-5 (b-1) This subsection applies only to a municipality in
 2-6 which a majority of the voters voting in each of the last two
 2-7 consecutive elections concerning the adoption or reauthorization
 2-8 of the tax authorized by this chapter favored adoption or
 2-9 reauthorization of the tax and in which the tax has not expired as
 2-10 provided by Subsection (a) since the first of those two consecutive
 2-11 elections. A municipality to which this subsection applies may
 2-12 call an election to reauthorize the tax for a period of 8 or 10 years
 2-13 instead of 4 years. The election is called and held in the same
 2-14 manner as an election to adopt the tax under Section 327.006, except
 2-15 the ballot proposition shall be prepared to permit voting for or
 2-16 against the proposition: "The reauthorization of the local sales
 2-17 and use tax in (name of municipality) at the rate of (insert
 2-18 appropriate rate) to continue providing revenue for maintenance and
 2-19 repair of municipal streets. The tax expires on the last day of the
 2-20 first calendar quarter occurring after the (insert 8th or 10th
 2-21 anniversary, as applicable) of the date of this election unless the
 2-22 imposition of the tax is reauthorized."

2-23 SECTION 2. Section 327.008, Tax Code, is amended to read as
 2-24 follows:

2-25 Sec. 327.008. USE OF TAX REVENUE. Revenue from the tax
 2-26 imposed under this chapter may be used only to maintain and repair a
 2-27 municipal:

- 2-28 (1) street or sidewalk; or
- 2-29 (2) water, wastewater, or stormwater system located in
 2-30 the width of a way of a municipal street [~~streets or sidewalks~~
 2-31 ~~existing on the date of the election to adopt the tax~~].

2-32 SECTION 3. (a) The change in law made by this Act to Section
 2-33 327.007(a), Tax Code, applies only to the expiration of a sales and
 2-34 use tax under Chapter 327, Tax Code, that is adopted or reauthorized
 2-35 on or after the effective date of this Act. The expiration of a
 2-36 sales and use tax that was adopted or last reauthorized before the
 2-37 effective date of this Act is governed by the law in effect
 2-38 immediately before the effective date of this Act, and the former
 2-39 law is continued in effect for that purpose.

2-40 (b) Section 327.007(b), Tax Code, as amended by this Act,
 2-41 and Section 327.007(b-1), Tax Code, as added by this Act, apply only
 2-42 to ballot language for an election ordered on or after the effective
 2-43 date of this Act. Ballot language for an election ordered before
 2-44 the effective date of this Act is governed by the law in effect on
 2-45 the date the election was ordered.

2-46 SECTION 4. This Act takes effect immediately if it receives
 2-47 a vote of two-thirds of all the members elected to each house, as
 2-48 provided by Section 39, Article III, Texas Constitution. If this
 2-49 Act does not receive the vote necessary for immediate effect, this
 2-50 Act takes effect September 1, 2021.

2-51 * * * * *