A BILL TO BE ENTITLED

1   AN ACT

2 relating to sales and use taxes imposed by municipalities.

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

4   SECTION 1. Section 334.082(d), Local Government Code, is

5 amended to read as follows:

6   (d) The tax imposed by this subchapter is in addition to a

7 tax imposed under other law, including Chapters 321 and 323, Tax

8 Code, and is included in computing a combined sales and use tax rate

9 for purposes of the limitation on the maximum combined sales and use

10 tax rate of political subdivisions.

11   SECTION 2. Section 334.083(a), Local Government Code, is

12 amended to read as follows:

13   (a) The rate of a tax adopted by a county under this

14 subchapter must be one-eighth, one-fourth, three-eighths, or

15 one-half of one percent. The rate of the tax adopted by a

16 municipality may be imposed at any rate that the municipality

17 determines is appropriate and that would not result in a combined

18 rate that exceeds the maximum combined rate prescribed by Section

19 321.101(f), Tax Code.

20   SECTION 3. Section 334.084, Local Government Code, is

21 amended to read as follows:

22   Sec. 334.084. RATE INCREASE. (a) A municipality [or

23 county] that has adopted a sales and use tax under this subchapter

24 at any rate, and a county that has adopted a sales and use tax under

1 this subchapter at a rate of less than one-half of one percent, may

2 by ordinance or order increase the rate of the tax if the increase

3 is approved by a majority of the registered voters of that

4 municipality or county voting at an election called and held for

5 that purpose.

6   (b) The county tax may be increased under Subsection (a) in

7 one or more increments of one-eighth of one percent to a maximum of

8 one-half of one percent. The municipal tax may be increased under

9 Subsection (a) to any rate that the municipality determines is

10 appropriate and that would not result in a combined rate that

11 exceeds the maximum combined rate prescribed by Section 321.101(f),

12 Tax Code.

13   (c) The ballot for an election to increase the tax shall be

14 printed to permit voting for or against the proposition: "The

15 adoption of a sales and use tax for the purpose of financing _____

16 (insert description of venue project) at the rate of _____ [of

17 one] percent (insert [one-fourth, three-eighths, or one-half, as]

18 appropriate rate)."

19   SECTION 4. Section 363.055(a), Local Government Code, is

20 amended to read as follows:

21   (a) The proposed rate for the district sales and use tax

22 imposed under Subchapter B, Chapter 321, Tax Code, may be any rate

23 that the municipality determines is appropriate and that would not

24 result in a combined rate that exceeds the maximum combined rate

25 prescribed by Section 321.101(f), Tax Code. The proposed rate for

26 the district sales and use tax imposed under [Subchapter B, Chapter

27 321, Tax Code, or] Subchapter B, Chapter 323, Tax Code, may be only:

1   (1) one-eighth of one percent;

2   (2) one-fourth of one percent;

3   (3) three-eighths of one percent; or

4   (4) one-half of one percent.

5   SECTION 5. Section 504.252(b), Local Government Code, is

6 amended to read as follows:

7   (b) The rate of the tax imposed under Subsection (a) <u>may be</u>

8 <u>any   rate   that   the   authorizing   municipality   determines   is</u>

9 <u>appropriate and that would not result in a combined rate that</u>

10 <u>exceeds the maximum combined rate prescribed by Section 504.254(a)</u>

11 [~~must be equal to one-eighth, one-fourth, three-eighths, or~~

12 ~~one-half of one percent~~].

13   SECTION 6. Section 504.256, Local Government Code, is

14 amended to read as follows:

15   Sec. 504.256. BALLOT. In an election to adopt the sales and

16 use tax under this chapter, the ballot shall be printed to provide

17 for voting for or against the proposition: "The adoption of a

18 sales and use tax for the promotion and development of new and

19 expanded business enterprises at the rate of _____ [~~of one~~]

20 percent" (<u>insert</u> [~~one-eighth, one-fourth, three-eighths, or~~

21 ~~one-half to be inserted as~~] appropriate <u>rate</u>).

22   SECTION 7. Section 504.258(c), Local Government Code, is

23 amended to read as follows:

24   (c) The tax rate may be <u>reduced or increased to any rate that</u>

25 <u>the authorizing municipality determines is appropriate and that</u>

26 <u>would not result in a combined rate that exceeds the maximum</u>

27 <u>combined rate prescribed by Section 504.254(a)</u>[~~÷~~

1 [(1) reduced in one or more increments of one-eighth

2 of one percent, to a minimum rate of one-eighth of one percent; or

3 [(2) increased in one or more increments of one-eighth

4 of one percent, to a maximum rate of one-half of one percent].

5 SECTION 8. Section 504.261(b), Local Government Code, is

6 amended to read as follows:

7 (b) In an election to impose, reduce, increase, or abolish

8 the tax under this chapter and the additional sales and use tax, the

9 ballot shall be printed to provide for voting for or against the

10 proposition: "The adoption of a sales and use tax within the

11 municipality for the promotion and development of new and expanded

12 business enterprises at the rate of _____ [of one] percent

13 (insert [one-eighth, one-fourth, three-eighths, or one-half to be

14 inserted as] appropriate rate) and the adoption of an additional

15 sales and use tax within the municipality at the rate of _____

16 [of one] percent to be used to reduce the property tax rate" (insert

17 [one-eighth, one-fourth, three-eighths, or one-half to be inserted

18 as] appropriate rate).

19 SECTION 9. Section 505.252(b), Local Government Code, is

20 amended to read as follows:

21 (b) The rate of a tax adopted under this chapter may be any

22 rate that the authorizing municipality determines is appropriate

23 and that would not result in a combined rate that exceeds the

24 maximum combined rate prescribed by Section 505.256(a) [must be

25 equal to one-eighth, one-fourth, three-eighths, or one-half of one

26 percent].

27 SECTION 10. Section 505.256(a), Local Government Code, is

1 amended to read as follows:

2 (a) Chapter 321, Tax Code, governs the imposition,

3 computation, administration, collection, and remittance of the

4 sales and use tax, except as inconsistent with this chapter. An

5 authorizing municipality may not adopt a rate under this chapter

6 that, when added to the rates of all other sales and use taxes

7 imposed by the authorizing municipality and other political

8 subdivisions of this state having territory in the authorizing

9 municipality, would result in a combined rate exceeding two percent

10 at any location in the municipality.

11 SECTION 11. Section 505.259, Local Government Code, is

12 amended to read as follows:

13 Sec. 505.259. ELECTION REQUIREMENT FOR CERTAIN

14 MUNICIPALITIES. For a tax under this subchapter at a rate that does

15 not exceed one-half of one percent, the [The] election requirement

16 under Section 505.251 is satisfied and another election is not

17 required if the voters of the authorizing municipality approved the

18 imposition of an additional one-half cent sales and use tax at an

19 election held before March 28, 1991, under an ordinance calling the

20 election that:

21 (1) was published in a newspaper of general

22 circulation in the municipality at least 14 days before the date of

23 the election; and

24 (2) expressly stated that the election was being held

25 in anticipation of the enactment of enabling and implementing

26 legislation without further elections.

27 SECTION 12. Section 321.101(a), Tax Code, is amended to

1 read as follows:

2   (a) A municipality may adopt or repeal a sales and use tax

3 authorized by this chapter, other than the additional municipal

4 sales and use tax, and may reduce or increase the rate of the tax, at

5 an election in which a majority of the qualified voters of the

6 municipality approve the adoption, reduction, increase, or repeal

7 of the tax.

8   SECTION 13. Section 321.102(a), Tax Code, is amended to

9 read as follows:

10   (a) A tax imposed under this chapter, a tax rate increase or

11 decrease adopted under this chapter, or the repeal of a tax

12 abolished under this chapter takes effect on the first day of the

13 first calendar quarter occurring after the expiration of the first

14 complete calendar quarter occurring after the date on which the

15 comptroller receives a notice of the action as required by Section

16 321.405(b). This subsection does not apply to the additional

17 municipal sales and use tax.

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

19 follows:

20   Sec. 321.103. SALES TAX. (a) In a municipality that has

21 adopted the tax authorized by Section 321.101(a), there is imposed

22 a tax on the receipts from the sale at retail of taxable items

23 within the municipality at any [the] rate that the municipality

24 determines is appropriate, that would not result in a combined rate

25 that exceeds the maximum combined rate prescribed by Section

26 321.101(f), and that is approved by the voters. The tax is imposed

27 [of one percent and] at the same rate on the receipts from the sale

1 at retail within the municipality of gas and electricity for

2 residential use.

3   (b) In a municipality that has adopted the additional

4 municipal sales and use tax, the tax is imposed at any [the] rate

5 that the municipality determines is appropriate, that would not

6 result in a combined rate that exceeds the maximum combined rate

7 prescribed by Section 321.101(f), and that is approved by the

8 voters. [The rate, when the tax is adopted, must be equal to either

9 one-eighth, one-fourth, three-eighths, or one-half of one percent.

10 The rate may be reduced in one or more increments of one-eighth of

11 one percent to a minimum of one-eighth of one percent or increased

12 in one or more increments of one-eighth of one percent to a maximum

13 of one-half of one percent, or the tax may be abolished.] The rate

14 that the municipality adopts is on the receipts from the sale at

15 retail of all taxable items within the municipality and at the same

16 rate on the receipts from the sale at retail within the municipality

17 of gas and electricity for residential use unless the residential

18 use of gas and electricity is exempted from the tax imposed under

19 Section 321.101(a), in which case the residential use of gas and

20 electricity is exempted under this subsection also.

21   SECTION 15. Sections 321.108(b), (c), and (d), Tax Code,

22 are amended to read as follows:

23   (b) A tax adopted for a district under this section for

24 financing the operation of the district may be decreased [in

25 increments of one-eighth of one percent] by order of the board of

26 directors of the district.

27   (c) The governing body of the municipality that proposed the

7

1 creation of the crime control and prevention district may call an

2 election in the district on the question of decreasing the tax rate

3 [in increments of one-eighth of one percent in the district]. At the

4 election, the ballot shall be printed to provide for voting for or

5 against the following proposition: "The decrease of the

6 _____ Crime Control and Prevention District sales

7 and use tax rate to _____ percent."

8 (d) The rate of a tax adopted for a district under this

9 section may be increased to any rate [in increments of one-eighth of

10 one percent, not to exceed a total tax rate of one-half percent] for

11 financing the operation of the crime control and prevention

12 district[,] by order of the board of directors of the crime control

13 and prevention district if the board determines that the rate is

14 appropriate, would not result in a combined rate that exceeds the

15 maximum combined rate prescribed by Section 321.101(f), and is

16 approved by a majority of the voters voting at an election called by

17 the board and held in the district on the question of increasing the

18 tax rate. At the election, the ballot shall be printed to provide

19 for voting for or against the following proposition: "The increase

20 of the _____ Crime Control and Prevention District sales

21 and use tax rate to _____ percent." If there is an increase

22 or decrease under this subsection in the rate of a tax imposed under

23 this section, the new rate takes effect on the first day of the next

24 calendar quarter after the expiration of one calendar quarter after

25 the comptroller receives notice of the increase or

26 decrease. However, if the comptroller notifies the president of

27 the board of directors of the district in writing within 10 days

1 after receipt of the notification that the comptroller requires

2 more time to implement reporting and collection procedures, the

3 comptroller may delay implementation of the rate change for another

4 calendar quarter, and the new rate takes effect on the first day of

5 the next calendar quarter following the elapsed quarter.

6   SECTION 16. Section 321.404, Tax Code, is amended by

7 amending Subsections (a) and (c) and adding Subsection (d) to read

8 as follows:

9   (a) In an election to adopt the tax, the ballot shall be

10 printed to provide for voting for or against the applicable

11 proposition: "A [one percent] sales and use tax is adopted within

12 the city at the rate of _____ percent" (insert appropriate rate)

13 or "The adoption of an additional sales and use tax within the city

14 at the rate of _____ [of one] percent to be used to reduce the

15 property tax rate" (insert [one-eighth, one-fourth, three-eighths,

16 or one-half to be inserted as] appropriate rate).

17   (c) In a municipality that does not impose a property tax,

18 the ballot at an election to adopt the additional municipal sales

19 and use tax shall be printed to provide for voting for or against

20 the following proposition: "The adoption of an additional sales

21 and use tax within the city at the rate of _____ [of one]

22 percent" (insert [one-eighth, one-fourth, three-eighths, or

23 one-half to be inserted as] appropriate rate).

24   (d) In an election to reduce or increase the tax, the ballot

25 shall be printed to provide for voting for or against the

26 proposition: "The adoption of a local sales and use tax in (name of

27 municipality) at the rate of _____ (insert appropriate rate)."

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

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

9 (1) the date of the election;

10 (2) the proposition on which the vote was held;

11 (3) the total number of votes cast for and against the
12 proposition; and

13 (4) the number of votes by which the proposition was
14 approved.

15 SECTION 18. Section 327.004, Tax Code, is amended to read as
16 follows:

17 Sec. 327.004. TAX RATE. The tax authorized by this chapter
18 may be imposed at any rate that the municipality determines is
19 appropriate and that would not result in a combined rate that
20 exceeds the maximum combined rate prescribed by Section 327.003(b)
21 [the rate of one-eighth of one percent or one-fourth of one
22 percent].

23 SECTION 19. Section 327.006(b), Tax Code, is amended to
24 read as follows:

25 (b) At an election to adopt the tax, the ballot shall be
26 prepared to permit voting for or against the proposition: "The
27 adoption of a local sales and use tax in (name of municipality) at

1 the rate of (insert appropriate rate [one-eighth of one percent or
2 one-fourth of one percent]) to provide revenue for maintenance and
3 repair of municipal streets."

4   SECTION 20. Section 327.0065, Tax Code, is amended to read
5 as follows:

6   Sec. 327.0065. RATE CHANGE. (a) A municipality that has
7 adopted a sales and use tax under this chapter [at a rate of
8 one-fourth of one percent] may by ordinance decrease the rate of the
9 tax [to one-eighth of one percent].

10   (b) A municipality that has adopted a sales and use tax
11 under this chapter [at a rate of one-eighth of one percent] may by
12 ordinance increase the rate of the tax to any rate that the
13 municipality determines is appropriate and that would not result in
14 a combined rate that exceeds the maximum combined rate prescribed
15 by Section 327.003(b) [to one-fourth of one percent] if the
16 increase is authorized at an election held in the municipality.

17   (c) The ballot for an election to increase the tax shall be
18 printed to permit voting for or against the proposition: "The
19 adoption of a local sales and use tax in (name of municipality) at
20 the rate of (insert appropriate rate) [one-fourth of one percent]
21 to provide revenue for maintenance and repair of municipal
22 streets."

23   SECTION 21. Section 327.007(a), Tax Code, is amended to
24 read as follows:

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

1   (1) the eighth [~~fourth~~] anniversary of the date the

2 tax originally took effect under Section 327.005; or

3   (2) the first day of the first calendar quarter

4 occurring after the eighth [~~fourth~~] anniversary of the date the tax

5 was last reauthorized under this section.

6   SECTION 22. (a) The changes in law made by this Act to

7 Sections 334.084(c), 504.256, and 504.261(b), Local Government

8 Code, and Sections 321.404, 327.006(b), and 327.0065(c), Tax Code,

9 apply only to ballot language for an election ordered on or after

10 the effective date of this Act. Ballot language for an election

11 ordered before the effective date of this Act is governed by the law

12 in effect when the election was ordered.

13   (b) The change in law made by this Act to Section

14 327.007(a), Tax Code, applies only to the expiration of a sales and

15 use tax under Chapter 327, Tax Code, that is adopted or reauthorized

16 on or after the effective date of this Act. The expiration of a

17 sales and use tax that was adopted or last reauthorized before the

18 effective date of this Act is governed by the law in effect

19 immediately before the effective date of this Act, and the former

20 law is continued in effect for that purpose.

21   SECTION 23. This Act takes effect September 1, 2013.