1   AN ACT

2   relating to the rates of sales and use taxes imposed by

3   municipalities; authorizing an increase or decrease in the rate of

4   those taxes.

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

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

7   amended to read as follows:

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

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

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

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

12 tax rate of political subdivisions.

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

14 amended to read as follows:

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

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

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

18 municipality may be any rate that is an increment of one-eighth of

19 one percent, that the municipality determines is appropriate, and

20 that would not result in a combined rate that exceeds the maximum

21 combined rate prescribed by Section 321.101(f), Tax Code.

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

23 amended to read as follows:

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

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

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

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

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

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

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

7 that purpose.

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

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

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

11 Subsection (a) in one or more increments of one-eighth of one

12 percent to any rate that the municipality determines is appropriate

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

14 maximum combined rate prescribed by Section 321.101(f), Tax Code.

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

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

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

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

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

20 appropriate rate)."

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

22 amended to read as follows:

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

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

25 that is an increment of one-eighth of one percent, that the

26 municipality determines is appropriate, and that would not result

27 in a combined rate that exceeds the maximum combined rate

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

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

3   321, Tax Code, or] Subchapter B, Chapter 323, Tax Code, may be only:

4   (1) one-eighth of one percent;

5   (2) one-fourth of one percent;

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

7   (4) one-half of one percent.

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

9   amended to read as follows:

10   (b) The rate of the tax imposed under Subsection (a) may be

11 any rate that is an increment of one-eighth of one percent, that the

12 authorizing municipality determines is appropriate, and that would

13 not result in a combined rate that exceeds the maximum combined rate

14 prescribed by Section 504.254(a) [must be equal to one-eighth,

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

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

17 amended to read as follows:

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

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

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

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

22 expanded business enterprises at the rate of _____ [of one]

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

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

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

26 amended to read as follows:

27   (c) The tax rate may be reduced or increased to any rate that

1 is an increment of one-eighth of one percent, that the authorizing

2 municipality determines is appropriate, and that would not result

3 in a combined rate that exceeds the maximum combined rate

4 prescribed by Section 504.254(a)[.

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

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

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

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

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

10 amended to read as follows:

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

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

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

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

15 municipality for the promotion and development of new and expanded

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

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

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

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

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

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

22 as] appropriate rate).

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

24 amended to read as follows:

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

26 rate that is an increment of one-eighth of one percent, that the

27 authorizing municipality determines is appropriate, and that would

1 not result in a combined rate that exceeds the maximum combined rate

2 prescribed by Section 505.256(a) [~~must be equal to one-eighth,~~

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

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

5 amended to read as follows:

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

7 computation, administration, collection, and remittance of the

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

9 authorizing municipality may not adopt a rate under this chapter

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

11 imposed　by　the　authorizing　municipality　and　other　political

12 subdivisions　of　this　state　having　territory　in　the　authorizing

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

14 at any location in the municipality.

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

16 amended to read as follows:

17 　　　　Sec.　505.259.　ELECTION　REQUIREMENT　FOR　CERTAIN

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

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

20 under Section 505.251 is satisfied and another election is not

21 required if the voters of the authorizing municipality approved the

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

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

24 election that:

25 　　　　　　　(1)　was　published　in　a　newspaper　of　general

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

27 the election; and

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

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

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

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

14   (a) A tax imposed under this chapter, a tax rate increase or
15   decrease adopted under this chapter, or the repeal of a tax
16   abolished under this chapter takes effect on the first day of the
17   first calendar quarter occurring after the expiration of the first
18   complete calendar quarter occurring after the date on which the
19   comptroller receives a notice of the action as required by Section
20   321.405(b). This subsection does not apply to the additional
21   municipal sales and use tax.

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

24   Sec. 321.103. SALES TAX. (a) In a municipality that has
25   adopted the tax authorized by Section 321.101(a), there is imposed
26   a tax on the receipts from the sale at retail of taxable items
27   within the municipality at any [the] rate that is an increment of

1 one-eighth of one percent, that the municipality determines is
2 appropriate, that would not result in a combined rate that exceeds
3 the maximum combined rate prescribed by Section 321.101(f), and
4 that is approved by the voters. The tax is imposed [of one percent
5 and] at the same rate on the receipts from the sale at retail within
6 the municipality of gas and electricity for residential use.
7   (b) In a municipality that has adopted the additional
8 municipal sales and use tax, the tax is imposed at any [the] rate
9 that is an increment of one-eighth of one percent, that the
10 municipality determines is appropriate, that would not result in a
11 combined rate that exceeds the maximum combined rate prescribed by
12 Section 321.101(f), and that is approved by the voters. [The rate,
13 when the tax is adopted, must be equal to either one-eighth,
14 one-fourth, three-eighths, or one-half of one percent.] The rate
15 may be reduced in one or more increments of one-eighth of one
16 percent [to a minimum of one-eighth of one percent] or increased in
17 one or more increments of one-eighth of one percent [to a maximum of
18 one-half of one percent, or the tax may be abolished]. The rate
19 that the municipality adopts is on the receipts from the sale at
20 retail of all taxable items within the municipality and at the same
21 rate on the receipts from the sale at retail within the municipality
22 of gas and electricity for residential use unless the residential
23 use of gas and electricity is exempted from the tax imposed under
24 Section 321.101(a), in which case the residential use of gas and
25 electricity is exempted under this subsection also.
26   SECTION 15. Section 321.108(d), Tax Code, is amended to
27 read as follows:

1   (d) The rate of a tax adopted for a district under this
2 section may be increased to any rate that is an increment [in
3 increments] of one-eighth of one percent[, not to exceed a total tax
4 rate of one-half percent] for financing the operation of the crime
5 control and prevention district[,] by order of the board of
6 directors of the crime control and prevention district if the board
7 determines that the rate is appropriate, would not result in a
8 combined rate that exceeds the maximum combined rate prescribed by
9 Section 321.101(f), and is approved by a majority of the voters
10 voting at an election called by the board and held in the district
11 on the question of increasing the tax rate. At the election, the
12 ballot shall be printed to provide for voting for or against the
13 following proposition: "The increase of the _____ Crime
14 Control and Prevention District sales and use tax rate to
15 _____ percent." If there is an increase or decrease under
16 this subsection in the rate of a tax imposed under this section, the
17 new rate takes effect on the first day of the next calendar quarter
18 after the expiration of one calendar quarter after the comptroller
19 receives notice of the increase or decrease. However, if the
20 comptroller notifies the president of the board of directors of the
21 district in writing within 10 days after receipt of the
22 notification that the comptroller requires more time to implement
23 reporting and collection procedures, the comptroller may delay
24 implementation of the rate change for another calendar quarter, and
25 the new rate takes effect on the first day of the next calendar
26 quarter following the elapsed quarter.
27   SECTION 16. Section 321.404, Tax Code, is amended by

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

2 as follows:

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

4 printed to provide for voting for or against the applicable

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

22   SECTION 17. Section 321.405(a), Tax Code, is amended to

23 read as follows:

24   (a) Within 10 days after an election in which the voters

25 approve of the adoption, change in rate, or abolition of a tax

26 authorized by this chapter, the governing body of the municipality

27 shall by resolution or ordinance entered in its minutes of

1 proceedings, declare the results of the election. A resolution or

2 ordinance under this section must include statements showing:

3   (1) the date of the election;

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

5   (3) the total number of votes cast for and against the

6 proposition; and

7   (4) the number of votes by which the proposition was

8 approved.

9   SECTION 18. Section 327.004, Tax Code, is amended to read as

10 follows:

11   Sec. 327.004. TAX RATE. The tax authorized by this chapter

12 may be imposed at any rate that is an increment of one-eighth of one

13 percent, that the municipality determines is appropriate, and that

14 would not result in a combined rate that exceeds the maximum

15 combined rate prescribed by Section 327.003(b) [the rate of

16 one-eighth of one percent or one-fourth of one percent].

17   SECTION 19. Section 327.006(b), Tax Code, is amended to

18 read as follows:

19   (b) At an election to adopt the tax, the ballot shall be

20 prepared to permit voting for or against the proposition: "The

21 adoption of a local sales and use tax in (name of municipality) at

22 the rate of (insert appropriate rate [one-eighth of one percent or

23 one-fourth of one percent]) to provide revenue for maintenance and

24 repair of municipal streets."

25   SECTION 20. Section 327.0065, Tax Code, is amended to read

26 as follows:

27   Sec. 327.0065. RATE CHANGE. (a) A municipality that has

1 adopted a sales and use tax under this chapter [~~at a rate of~~
2 ~~one-fourth of one percent~~] may by ordinance decrease the rate of the
3 tax in increments of [~~to~~] one-eighth of one percent.

4 (b) A municipality that has adopted a sales and use tax
5 under this chapter [~~at a rate of one-eighth of one percent~~] may by
6 ordinance increase the rate of the tax to any rate that is an
7 increment of one-eighth of one percent, that the municipality
8 determines is appropriate, and that would not result in a combined
9 rate that exceeds the maximum combined rate prescribed by Section
10 327.003(b) [~~to one-fourth of one percent~~] if the increase is
11 authorized at an election held in the municipality.

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

18 SECTION 21. The changes in law made by this Act to Sections
19 334.084(c), 504.256, and 504.261(b), Local Government Code, and
20 Sections 321.404, 327.006(b), and 327.0065(c), Tax Code, apply only
21 to ballot language for an election ordered on or after the effective
22 date of this Act. Ballot language for an election ordered before the
23 effective date of this Act is governed by the law in effect when the
24 election was ordered.

25 SECTION 22. This Act takes effect September 1, 2015.

_____   _____
President of the Senate   Speaker of the House

I certify that H.B. No. 157 was passed by the House on April 9, 2015, by the following vote: Yeas 141, Nays 2, 2 present, not voting.

                                         _____
                                             Chief Clerk of the House

I certify that H.B. No. 157 was passed by the Senate on May 20, 2015, by the following vote: Yeas 26, Nays 4.

                                         _____
                                             Secretary of the Senate

APPROVED: _____
                    Date

          _____
                  Governor