

By: Krause

H.B. No. 301

A BILL TO BE ENTITLED

# 1 AN ACT

2 relating to the substitution of a local sales and use tax for  
3 property taxes imposed by certain local governments; authorizing  
4 the imposition of a tax.

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

6 SECTION 1. Subtitle C, Title 3, Tax Code, is amended by  
7 adding Chapter 328 to read as follows:

## CHAPTER 328. SUPPLEMENTAL LOCAL SALES AND USE TAX

Sec. 328.001. DEFINITIONS. In this chapter:

17 (A) before June 30 of a year:

22 (ii) forwards a certified copy of the  
23 ordinance or order described by Subparagraph (i) to the  
24 comptroller; or

7                   Sec. 328.002. APPLICABILITY OF OTHER LAW. (a) Except as  
8 otherwise provided by this chapter:

13                   (b) The following provisions do not apply to a supplemental  
14 sales and use tax:

15 (1) Sections 321.101 and 323.101;

20 (4) Section 323.505.

21       (c) A supplemental sales and use tax is not an additional  
22       sales and use tax for purposes of Section 321.101 or any other law.

23 Sec. 328.003. TAX AUTHORIZED. (a) A qualifying local  
24 government by adoption of an ordinance or order may adopt,

25 increase, reduce, or abolish the supplemental sales and use tax.  
26 The tax is in addition to any other sales and use tax authorized by

27 law, but may only be imposed during a period during which the

1 qualifying local government does not impose a property tax.

2       (b) A qualifying local government is not required to call an  
3 election to adopt, increase, reduce, or abolish the supplemental  
4 sales and use tax.

5       Sec. 328.004. TAX RATE; INCREASE, REDUCTION, OR ABOLITION  
6 OF TAX. (a) In the first year in which a qualifying local  
7 government imposes the supplemental sales and use tax, the rate of  
8 the tax is equal to a rate that, when applied to the estimated  
9 cumulative sales price of the sale, use, storage, or other  
10 consumption of taxable items within the local government during  
11 that year, would produce an amount equal to the local government's  
12 lost property tax revenue. The ordinance or order authorizing the  
13 tax and adopted under Section 328.003 must specify the tax rate.

14       (b) A qualifying local government that imposes the  
15 supplemental sales and use tax may by adoption of an ordinance or  
16 order annually increase or reduce the rate of the tax in increments  
17 of one-eighth of one percent. A reduction in the rate of the tax may  
18 not impair any outstanding debt or other obligation payable from  
19 the tax.

20       (c) A qualifying local government that imposes the  
21 supplemental sales and use tax may by adoption of an ordinance or  
22 order abolish the tax if there is no outstanding debt secured by the  
23 tax.

24       (d) A certified copy of an ordinance or order described by  
25 this section must be forwarded to the comptroller before June 30 of  
26 the year preceding the January 1 on which the action approved in the  
27 ordinance or order is to take effect.

1           Sec. 328.005. SALES AND USE TAX EFFECTIVE DATE. The  
2   adoption, increase, reduction, or abolition of the supplemental  
3   sales and use tax takes effect on the next January 1 that is at least  
4   six months after the date the qualifying local government forwards  
5   to the comptroller the copy of the ordinance or order adopting,  
6   increasing, reducing, or abolishing the tax, as applicable.

7           Sec. 328.006. EFFECT ON COMBINED LOCAL TAX RATE. The rate  
8   of a supplemental sales and use tax may not be considered for  
9   purposes of determining the combined local tax rate in any area.

10          Sec. 328.007. USE OF TAX REVENUE. Revenue from a  
11   supplemental sales and use tax is for the use and benefit of the  
12   qualifying local government imposing the tax and may be used for any  
13   purpose for which the general funds of that government may be used.

14          SECTION 2. This Act takes effect immediately if it receives  
15   a vote of two-thirds of all the members elected to each house, as  
16   provided by Section 39, Article III, Texas Constitution. If this  
17   Act does not receive the vote necessary for immediate effect, this  
18   Act takes effect December 1, 2017.