

TAX CODE CHAPTER 327. MUNICIPAL SALES AND USE TAX FOR STREET
MAINTENANCE

TAX CODE

TITLE 3. LOCAL TAXATION

SUBTITLE C. LOCAL SALES AND USE TAXES

CHAPTER 327. MUNICIPAL SALES AND USE TAX FOR STREET MAINTENANCE

Sec. 327.001. DEFINITION. In this chapter, "municipal street" means the entire width of a way held by a municipality in fee or by easement or dedication that has a part open for public use for vehicular travel. The term does not include a designated state or federal highway or road or a designated county road.

Added by Acts 2001, 77th Leg., ch. 464, Sec. 1, eff. June 11, 2001.

Sec. 327.002. MUNICIPAL SALES AND USE TAX ACT APPLICABLE. Except to the extent that a provision of this chapter applies, Chapter 321 applies to the tax authorized by this chapter in the same manner as that chapter applies to the tax authorized by that chapter.

Added by Acts 2001, 77th Leg., ch. 464, Sec. 1, eff. June 11, 2001.

Sec. 327.003. TAX AUTHORIZED. (a) A municipality may adopt the sales and use tax authorized by this chapter at an election held in the municipality.

(b) A municipality may not adopt a tax under this chapter or increase the rate of the tax if as a result of the adoption of the tax or the increase in the rate of the tax the combined rate of all sales and use taxes imposed by the municipality and other political subdivisions of this state having territory in the municipality would exceed two percent at any location in the municipality.

(c) If the voters of a municipality approve the adoption of the tax or the increase in the rate of the tax at an election held on the same election date on which another political subdivision adopts a sales and use tax or approves the increase in the rate of its sales and use tax and as a result the combined rate of all sales and use taxes imposed by the municipality and other political subdivisions of this state having territory in the municipality

would exceed two percent at any location in the municipality, the election to adopt a sales and use tax under this chapter has no effect.

Added by Acts 2001, 77th Leg., ch. 464, Sec. 1, eff. June 11, 2001.

Amended by Acts 2003, 78th Leg., ch. 403, Sec. 1, eff. June 20, 2003.

Sec. 327.004. TAX RATE. The tax authorized by this chapter may be imposed at the rate of one-eighth of one percent or one-fourth of one percent.

Added by Acts 2001, 77th Leg., ch. 464, Sec. 1, eff. June 11, 2001.

Amended by Acts 2003, 78th Leg., ch. 403, Sec. 2, eff. June 20, 2003.

Sec. 327.005. SALES AND USE TAX EFFECTIVE DATE. (a) The adoption of the tax or the change in the rate of the tax 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 notice of the results of the election.

(b) If the comptroller determines that an effective date provided by Subsection (a) will occur before the comptroller can reasonably take the action required to begin collecting the tax, the effective date may be extended by the comptroller until the first day of the next succeeding calendar quarter.

Added by Acts 2001, 77th Leg., ch. 464, Sec. 1, eff. June 11, 2001.

Amended by Acts 2003, 78th Leg., ch. 403, Sec. 3, eff. June 20, 2003.

Sec. 327.006. ELECTION PROCEDURE. (a) An election to adopt the tax authorized by this chapter is called by the adoption of an ordinance by the governing body of the municipality.

(b) At an election to adopt the tax, the ballot shall be prepared to permit voting for or against the proposition: "The adoption of a local sales and use tax in (name of municipality) at the rate of (insert one-eighth of one percent or one-fourth of one percent) to provide revenue for maintenance and repair of municipal

streets."

Added by Acts 2001, 77th Leg., ch. 464, Sec. 1, eff. June 11, 2001.

Amended by Acts 2003, 78th Leg., ch. 403, Sec. 4, eff. June 20, 2003.

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

(b) A municipality that has adopted a sales and use tax under this chapter at a rate of one-eighth of one percent may by ordinance increase the rate of the tax to one-fourth of one percent if the increase is authorized at an election held in the municipality.

(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 local sales and use tax in (name of municipality) at the rate of one-fourth of one percent to provide revenue for maintenance and repair of municipal streets."

Added by Acts 2003, 78th Leg., ch. 403, Sec. 5, eff. June 20, 2003.

Sec. 327.007. REAUTHORIZATION OF TAX. (a) Unless imposition of the sales and use tax authorized by this chapter is reauthorized as provided by this section, the tax expires on:

(1) the fourth anniversary of the date the tax originally took effect under Section 327.005; or

(2) the first day of the first calendar quarter occurring after the fourth anniversary of the date the tax was last reauthorized under this section.

(b) An election to reauthorize the tax is called and held in the same manner as an election to adopt the tax under Section 327.006, except the ballot proposition shall be prepared to permit voting for or against the proposition: "The reauthorization of the local sales and use tax in (name of municipality) at the rate of (insert appropriate rate) to continue providing revenue for maintenance and repair of municipal streets."

(c) If an election to reauthorize the tax is not held before

the tax expires as provided by Subsection (a), or if a majority of the votes cast in an election to reauthorize the tax do not favor reauthorization, the municipality may not call an election on the question of authorizing a new tax under this chapter before the first anniversary of the date on which the tax expired.

(d) Not later than the 10th day after the date the municipality determines that the tax will expire as provided by Subsection (a), the municipality shall notify the comptroller of the scheduled expiration. The comptroller may delay the scheduled expiration date if the comptroller notifies the municipality that more time is required. The comptroller must provide a new expiration date that is not later than the last day of the first calendar quarter occurring after the notification to the comptroller.

Added by Acts 2001, 77th Leg., ch. 464, Sec. 1, eff. June 11, 2001.
Amended by Acts 2003, 78th Leg., ch. 403, Sec. 6, eff. June 20, 2003.

Sec. 327.008. USE OF TAX REVENUE. Revenue from the tax imposed under this chapter may be used only to maintain and repair municipal streets existing on the date of the election to adopt the tax.

Added by Acts 2001, 77th Leg., ch. 464, Sec. 1, eff. June 11, 2001.