

LOCAL SALES TAX OPTIONS



Glenn Hegar

Texas Comptroller of
Public Accounts

A city, county or special purpose district may adopt a sales tax provided the combined rate of all local sales taxes would not exceed 2 percent at any location within its territorial limits. All local sales taxes require voter approval.

SALES TAX OPTIONS FOR CITIES

SALES AND USE TAX

(Increments of 0.125 percent) – Most cities in Texas have this form of sales tax. It may be imposed by any incorporated city. Revenues are deposited into the city's general revenue fund and may be used for any lawful purpose. (**Tax Code, Chap. 321.**)

SALES TAX FOR ECONOMIC DEVELOPMENT*

(Increments of 0.125 percent) – Two options are available for a city to adopt this tax:

- **Type A** – This form of tax may be imposed by most incorporated cities. (There are exceptions in certain counties with mass transit systems). Revenues must be turned over to a development corporation formed to act on behalf of the city to carry out programs related to industrial development, business infrastructure and the promotion of new and expanded business enterprises that create or retain primary jobs.
- **Type B** – This form of tax may be imposed by any incorporated city. Revenues must be turned over to a development corporation formed to act on behalf of the city to carry out programs related to a wide variety of projects including business development and public parks.

For more detailed information, see the Comptroller's **Economic Development Sales Tax** brochure (PDF). (**Loc. Govt. Code, Chap. 501-505.**)



STREET MAINTENANCE SALES TAX

(Increments of 0.125 percent) – All cities are authorized to hold an election to adopt a sales tax to repair and maintain existing city streets. The tax expires after four years unless a new election is held to reauthorize the tax. The revenue from this tax may be used only to maintain and repair existing city streets and sidewalks. For more detailed information, see the Comptroller's **Street Maintenance Sales Tax** brochure (PDF). (**Tax Code, Chap. 327.**)

MUNICIPAL DEVELOPMENT CORPORATION*

(0.125, 0.25, 0.375 or 0.5 percent) – A city may create a municipal development corporation to undertake projects that provide job training, early childhood education, after-school programs, scholarships, literacy promotion and other projects.

* This tax is actually imposed by a board, district or authority created by and for the benefit of a city or county.

The Comptroller's
**online sales tax rate
tool locates** all sales tax
rates in effect for any
Texas address.

FOR MORE INFORMATION,
VISIT OUR WEBSITE
www.TexasAhead.org

RECEIVE ECONOMIC
DEVELOPMENT TAX HELP
BY EMAIL AT
econ.dev@cpa.texas.gov

This publication is intended as a general guide and not as a comprehensive resource on the subjects covered. It is not a substitute for legal advice.

LOCAL SALES TAX OPTIONS

Local sales tax rates
may not exceed a
combined 2 percent.

Voters in the city may authorize adoption of a sales tax to fund activities of the corporation. (**Loc. Govt. Code, Chap. 379A.**)

MUNICIPAL DEVELOPMENT DISTRICT*

(0.125, 0.25, 0.375 or 0.5 percent) – Cities may hold an election in all or part of a city, including the extraterritorial jurisdiction, to create a municipal development district and adopt a sales tax to fund the district. The district may undertake a variety of projects including a convention center, civic center, auditorium and other projects eligible for Type B Corporations under Chapter 505 of the Local Government Code. (**Loc. Govt. Code, Chap. 377.**)

FIRE CONTROL, PREVENTION, AND EMERGENCY MEDICAL SERVICES (EMS) DISTRICTS*

(0.125, 0.25, 0.375 or 0.5 percent) – Cities with a population between 25,000 and 550,000 or more than 1.9 million may create an EMS district. The district may include all or any part of a city. The district may finance the operation of a fire control, prevention and EMS program. (**Loc. Govt. Code, Chap. 344, and Tax Code, Sect. 321.106.**)

MUNICIPAL SALES TAX FOR PROPERTY TAX RELIEF

(Increments of 0.125 percent) – This “additional sales tax” may be imposed by most incorporated cities (there are exceptions in certain counties with rapid transit systems). Revenues are deposited into a city’s general revenue fund. Cities adopting this form of local sales tax must reduce the effective and rollback property tax rates within the city. For more detailed information, see the Comptroller’s **Using Sales Tax To Reduce The Property Tax Rate** brochure (PDF). (**Tax Code, Chap. 321.**)

SALES TAX OPTIONS FOR CITIES & COUNTIES

CRIME CONTROL AND PREVENTION DISTRICT*

(Increments of 0.125 percent up to 0.5 percent maximum rate) – This sales tax may be imposed by a city located in a county with a population of

more than 5,000 or by a county with a population of more than 130,000. The governing body in a municipality or commissioners court may specify the number of years (5, 10, 15 or 20) the district would be continued. Revenues from the sales tax may be used to finance a wide variety of crime control and prevention programs. (**Loc. Govt. Code, Chap. 363, and Tax Code, Sec. 323.105.**)

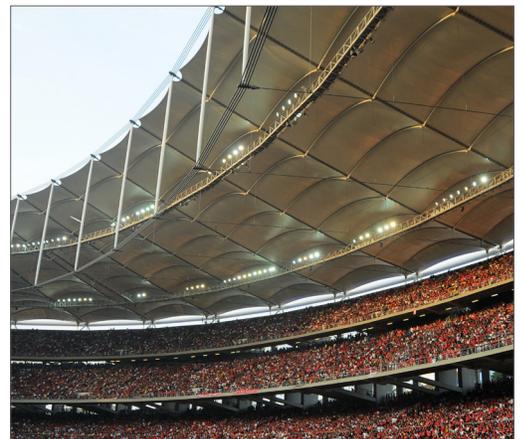
VENUE TAX “STADIUM BILL”

(Increments of 0.125 percent) – This sales tax is one of several revenue options available to a city or county to fund sports and community “venue” projects. Multiple cities and counties in any combination may join to form a venue district under Chapter 335, Local Government Code, as well. Some examples of a “venue” are a stadium, convention center, park or economic development-type facility. (The rate for a county imposing the tax is capped at one-half of one percent.)

For more detailed information, see the Comptroller’s **Sports and Community Venue Tax** brochure (PDF). (**Loc. Govt. Code, Chap. 334 and 335.**)

METROPOLITAN AND RAPID TRANSIT AUTHORITIES/MUNICIPAL TRANSIT DEPARTMENTS*

(0.25, 0.5, 0.75 or 1 percent) – In certain instances, authorities may be created to levy a sales tax to provide transportation services in participating cities. These are not offered statewide to all cities and are



FOR MORE INFORMATION,
VISIT OUR WEBSITE
www.TexasAhead.org

RECEIVE ECONOMIC
DEVELOPMENT TAX HELP
BY EMAIL AT
econ.dev@cpa.texas.gov



generally found in metropolitan areas. Cities may opt to join and, in some cases, withdraw from an authority with voter approval. The tax rate is generally implemented in 0.25-percent increments under **Transportation Code, Sect. 453.401. (Tax Code, Chap. 322 and Transportation Code, Chap. 451, 452, and 453.)**

SALES TAX OPTIONS FOR COUNTIES

COUNTY SALES TAX FOR PROPERTY TAX RELIEF

(0.5 or 1 percent) – This sales tax may be imposed by most by most counties also imposing an ad valorem tax. Revenues are deposited into a county’s general revenue fund. The rate is 0.5 percent, except in counties with no territory within the limits of a municipality where the rate is 1 percent. Hospital districts also may impose this sales tax, but at different rates.

For more detailed information, see the Comptroller’s **Using Sales Tax To Reduce The Property Tax Rate** brochure (PDF). (**Tax Code, Chap. 323.**)

COUNTY ASSISTANCE DISTRICT*

(Increments of 0.125 percent) – Counties may hold an election in all or part of the county, to create one or more county assistance districts and adopt a sales tax to fund the districts. A district may undertake a variety of projects including roads or highways; provision of law enforcement and detention services; the maintenance or improvement of libraries, museums, parks or other recreational facilities; or other services that benefit the public welfare.

For more detailed information, see the Comptroller’s **County Assistance District Sales Tax** brochure (PDF). (**Loc. Govt. Code, Chap. 387.**)

EMERGENCY SERVICES DISTRICT (ESD)*

(Increments of 0.125 percent) – Counties may hold an election in all or part of the county, to create one or more emergency services districts and adopt a sales tax to fund the districts. Funds may be used to hire emergency personnel, contract with other entities to provide emergency services, and/or purchase equipment and facilities. (**Health and Safety Code, Chapters 775.**)

* This tax is actually imposed by a board, district or authority created by and for the benefit of a city or county.

Sales taxes paid on purchases this month are generally remitted to the Comptroller **next month** and allocated to local taxing entities **the following month.**

FOR MORE INFORMATION,
VISIT OUR WEBSITE
www.TexasAhead.org

RECEIVE ECONOMIC
DEVELOPMENT TAX HELP
BY EMAIL AT
econ.dev@cpa.texas.gov



Glenn Hegar

Texas Comptroller of Public Accounts

This publication is intended as a general guide and not as a comprehensive resource on the subjects covered. It is not a substitute for legal advice.

WE'RE HERE TO HELP!

If you have questions or need information, contact us:

For more information, visit our website
www.TexasAhead.org

Receive economic development
tax help by email at
econ.dev@cpa.texas.gov

Texas Comptroller of Public Accounts
111 East 17th Street
Austin, Texas 78711-1440

 Sign up to receive email updates on
the Comptroller topics of your choice at
comptroller.texas.gov/subscribe.

The Texas Comptroller of Public Accounts is an equal
opportunity employer and does not discriminate on
the basis of race, color, religion, sex, national origin,
age or disability in employment or in the provision of
any services, programs or activities.

In compliance with the Americans with Disabilities
Act, this document may be requested in alternative
formats by calling the appropriate toll-free number
listed or by sending a fax to 512-475-0900.

1-800-252-5555
911 Emergency Service/
Equalization Surcharge
Automotive Oil Fee
Battery Fee
Boat and Boat Motor Sales Tax
Customs Broker
Fireworks Tax
Mixed Beverage Taxes
Off-Road, Heavy-Duty Diesel
Equipment Surcharge
Oyster Fee
Sales and Use Taxes

1-800-531-5441
Cement Tax
Inheritance Tax
Local Revenue
Miscellaneous Gross Receipts Taxes
Oil Well Servicing Tax
Sulphur Tax

1-800-531-5441, ext. 3-3630
WebFile Help

1-800-252-1381
Bank Franchise
Franchise Tax

1-800-252-7875
Spanish
1-800-531-1441
Fax on Demand (Most frequently requested
Sales and Franchise tax forms)

1-800-252-1382
Clean Vehicle Incentive Program
Manufactured Housing Tax
Motor Vehicle Sales Surcharge,
Rental and Seller Financed Sales Tax
Motor Vehicle Registration Surcharge

1-800-252-1383
Fuels Tax
IFTA
LG Decals
Petroleum Products Delivery Fee
School Fund Benefit Fee

1-800-252-1384
Coastal Protection
Crude Oil Production Tax
Natural Gas Production Tax

1-800-252-1387
Insurance Tax

1-800-252-1385
Coin-Operated Machines Tax
Hotel Occupancy Tax

1-800-252-1386
Account Status
Officer and Director Information

1-800-862-2260
Cigarette and Tobacco

1-888-4-FILING (1-888-434-5464)
TELEFILE: To File by Phone

1-800-252-1389
GETPUB: To Order Forms and Publications

1-800-654-FIND (1-800-654-3463)
Treasury Find

1-800-321-2274
Unclaimed Property Claimants
Unclaimed Property Holders
Unclaimed Property Name Searches
512-463-3120 in Austin

1-877-44RATE4 (1-877-447-2834)
Interest Rate