



Glenn Hegar

Texas Comptroller of
Public Accounts

MUNICIPAL SALES AND USE TAX FOR STREET MAINTENANCE

Many Texas cities do not have the funds necessary to repair existing streets and sidewalks. **The Tax Code** authorizes cities to impose a special sales tax to fund maintenance of this important mobility infrastructure.

WHO IS ELIGIBLE?

Cities may impose the tax if the new combined local sales tax rate will not exceed 2 percent. [Refer to **Tax Code, Sect. 327.003(b)**.]

ELECTION IS REQUIRED

A city's voters must approve the additional sales tax. The city's governing body must adopt an ordinance calling for an election to be held on one of the two uniform election dates:

- the first Saturday in May; or
- the first Tuesday after the first Monday in November.

For guidance on the timing of elections, please contact the Secretary of State at 512-463-5650 or toll free at 1-800-252-8683. Additional information is available on the **Secretary of State's website**.

BALLOT LANGUAGE

At the election to adopt the additional tax, a ballot must allow voters the choice of voting for or against the proposition. Following is the required ballot language:

"The adoption of a local sales and use tax in (name of municipality) at the rate of (insert appropriate rate) to provide revenue for maintenance and repair of municipal streets."

[Refer to **Tax Code, Sect. 327.006(b)**.]



For sales tax elections called by the governing body, a municipality may combine measures to lower or repeal any dedicated or special purpose municipal sales tax into a single ballot proposition, and at the same time raise or adopt any other dedicated special purpose municipal sales tax. A combined sales tax proposition would have to contain substantially the same language as that required for lowering, repealing, raising or adopting each tax as appropriate. If a combined sales tax proposition were defeated, there would be no effect on existing sales taxes.

[Refer to **Tax Code, Sect. 321.109**.]

The tax may be used to
repair existing streets,
but **not build new**
streets.

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

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

MUNICIPAL SALES AND USE TAX FOR STREET MAINTENANCE

ELECTION RESULTS

If the election is successful, within 10 days of the election the city must declare the results of the election by resolution or an ordinance entered in its minutes of proceedings. The resolution or ordinance must include statements showing:

- the date the election was held;
- the wording of the proposition;
- the total number of votes cast for and against the proposition; and
- the number of votes by which the proposition passed.

[Refer to **Tax Code, Sect. 321.405.**]

If the voters of a municipality adopt the street maintenance sales tax at an election held on the same date that another political subdivision adopts a sales and use tax or approves the increase in the rate of its sales and use tax and, the combined rate of all sales and use taxes must not exceed 2 percent at any location in the municipality. If the combined rate exceeds 2 percent at any location in the municipality, the election to adopt a street maintenance sales tax will have no effect.

[Refer to **Tax Code, Sect. 327.003(c).**]

EFFECTIVE DATE

The tax will become effective on the first day of the first calendar quarter after one complete calendar quarter passes from the date the Comptroller receives the city's notice that voters have approved the tax.

[Refer to **Tax Code, Sect. 327.005.**]

For example, if voters approve the tax in an election held in May and the city sends the election results to the Revenue Accounting, Tax Allocation Section of the Comptroller's office by the end of June, the tax would take effect on Oct. 1. The city would begin receiving revenue from the Comptroller beginning with the December sales tax allocation.

ADMINISTRATION OF THE TAX

The city should account for street maintenance sales tax funds separately from other revenues.

USE OF THE STREET MAINTENANCE SALES TAX

Funds may be used only to maintain and repair municipal streets and sidewalks that existed on the date of the election to adopt the tax. It may not be used to build new streets.

[Refer to **Tax Code, Sect. 327.008.**]

WHAT ARE "MUNICIPAL" STREETS?

A "municipal street" includes the entire width of a way (including sidewalks) 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.

[Refer to **Tax Code, Sect. 327.001.**]

EXPIRATION AND REAUTHORIZATION OF THE TAX

The street maintenance sales tax expires four years after it takes effect unless the city's voters authorize it to continue in an election held for that purpose.

The election to reauthorize the tax must be held on one of the two uniform election dates noted previ-

Street maintenance tax funds may be spent on municipal streets including sidewalks.

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

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



MUNICIPAL SALES AND USE TAX FOR STREET MAINTENANCE

ously. The ballot proposition language should permit voting for or against the following 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.”

The municipality must notify the Comptroller of the scheduled expiration not later than the 10th day after the municipality determines that the tax will expire.

[Refer to **Tax Code, Sect. 327.007.**]

If an election to reauthorize the tax is not held before the tax expires or if votes cast in an election to reauthorize the tax do not favor reauthorization, the municipality may not call an election to authorize a new tax under this chapter before the first anniversary of the date on which the tax expired.

[Refer to **Tax Code, Sect. 327.007.**]



NEED MORE INFORMATION?

For more information about the county assistance district sales tax, call the Comptroller’s Data Analysis & Transparency Division at 1-800-531-5441, ext. 3-4679.

The **tax expires four years after it takes effect** unless voters authorize its extension.

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