

County Assistance District Sales Tax

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Many Texas counties have found it challenging to fund public services, projects and programs. Chapter 387, Local Government Code, authorizes all counties to create county assistance districts and to adopt a local sales tax to finance these important public purposes.

Who is eligible?

All counties are eligible to create up to four county assistance districts, but not more than one district may be created in a commissioners precinct. The total combined rate of all local sales taxes within a proposed district may not exceed 2 percent. The county must hold an election to authorize the creation of each district and imposition of the sales tax.

send notice of its intent to create the district to the city council. If the municipality has created a development corporation under the Development Corporation Act of 1979 (Chapter 504 or 505, Local Government Code), the commissioners court must also send notice to that corporation's board of directors. The notices must be sent by certified mail at least 60 days prior to ordering the election to adopt the county assistance district.

The governing body of the municipality may exclude the territory of the municipality from a proposed district by sending notice by certified mail to the commissioners court of the governing body's desire to exclude the municipal territory from the district. The governing body must send the notice not later than the 45th day after the

date the governing body receives notice from the commissioners court.

The territory of a municipality that is excluded from a county assistance district may be included in a district at a later time by an election called by the commissioners court with the consent of the municipality. The area in which the election is held is included in a district and the sales and use tax is imposed if a majority of the votes received at the election favor inclusion in the district and imposition of the sales and use tax.

Except for elections to be held on the general election date for state and county officers, the



How do you call for an election to create a county assistance district?

The commissioners court of a county may call an election for the creation of a county assistance district.

In addition to the elements that the Election Code requires, the election order must:

- define the boundaries of the district; and
- call for the election to be held within those boundaries.

If the proposed district would include any territory of a municipality, the commissioners court must

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county must order the election not later than the 62nd day before the election day, which according to Section 41.001, Election Code, can occur either on the second Saturday in May or the first Tuesday after the first Monday in November. For an election to be held on the date of the general election for state and county officers (which occurs the first Tuesday after the first Monday in November in even-numbered years), the election must be ordered no later than the 70th day before the uniform election date.

How is the district governed?

The commissioners court of the county that creates a district may serve as the governing body of the district. Alternatively, the commissioners court may by order appoint a board of directors to administer the district. If a board of directors is appointed, it must consist of five members appointed to staggered terms of two years. To

qualify for service as a director, a person must be at least eighteen years of age and reside in the county in which the district is located. Members of the governing body of the district are not entitled to compensation for their service, but are entitled to reimbursement for actual and necessary expenses incurred in performance of their duties.

The district may contract with public or private entities, including municipalities, to perform any act the district is authorized to perform.

A district may not levy an ad valorem tax.

How do you adopt the tax rate? What is the permissible tax rate?

The voters within the boundaries of the proposed district must approve this special dedicated tax – just as with all other sales and use taxes.

The commissioners court of the county that creates the district may appoint a board of directors as the governing body of the district.

Ballot Language for County Assistance District Elections

At the election, the ballot must allow voters the choice of voting for or against the proposition.

- The ballot language required by Section 387.003(c), Local Government Code, to create the district and adopt the local sales tax is as follows:

“Authorizing the creation of the _____ County Assistance District No. _____ (insert name of district) and the imposition of a sales and use tax at the rate of _____ percent (insert appropriate rate) for the purpose of financing the operations of the district.”

- For a district to increase the tax rate, the ballot language required by Section 387.010(c), Local Government Code, is as follows:

“The increase of a sales and use tax for the _____ County Assistance District No. _____ (insert name of district) from the rate of _____ percent (insert appropriate rate) to the rate of _____ percent (insert appropriate rate).”

- For a district to repeal the tax, ballot language required by Section 387.010(d), Local Government Code, is as follows:

“The repeal of the sales and use tax for financing the County Assistance District (insert name of district).”

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A district may impose a sales and use tax to fund the operations of the district if the tax is approved by a majority of votes received at the creation election and if the total combined rate of all local sales and use taxes would not exceed 2 percent at any location within the district.

The permissible rates for the district sales tax range from one-eighth of one percent to 2 percent, in increments of one-eighth of one percent.

When does imposition and administration of the tax begin?

According to Section 387.012, Local Government Code, the adoption, change, or repeal of the tax takes effect on the first day of the first calendar quarter occurring after the expiration of the first complete quarter occurring after the date the Comptroller receives notice of the results of the election adopting, changing, or repealing the tax.

Example: If a county holds a successful election in May 2012 and properly notifies the Comptroller by June 2012, the sales tax would take effect Oct. 1, 2012. The district would begin receiving sales tax allocations from the Comptroller starting in December 2012.

How do you notify the Comptroller of the election results?

If a majority of votes received at the election favor the creation of the district and imposition of the sales tax, the commissioners court, by resolution entered in the minutes of its proceedings, must declare the results of the election.

In accordance with Section 323.405, Tax Code, the order or the resolution should include statements showing:

- the date of the election;
- the proposition on which the vote was held;
- the total number of votes cast for and against the proposition; and
- the number of votes by which the proposition was approved.

If the election results change the application of the local sales tax, the county judge should send a certified copy of the order or the resolution, by U.S. certified or registered mail, to:

Comptroller of Public Accounts
Revenue Accounting Division,
Tax Allocation Section
P.O. Box 13528
Austin, Texas 78711-3528.

The order or resolution should also include a map showing the boundaries of the district.

If a majority of votes received at the election are against the creation of the district, another election on the question of creating a county assistance district may be held on any subsequent uniform election date.

How can the tax revenues be used?

The district must use the sales tax revenues to perform the following functions of the district:

- the construction, maintenance, or improvement of roads or highways;
- the provision of law enforcement and detention services;
- the maintenance or improvement of libraries, museums, parks or other recreational facilities;
- the provision of services that benefit the public health or welfare, including the provision of firefighting and fire prevention services; or
- the promotion of economic development and tourism.

How do you increase or decrease the tax?

The commissioners court may lower, repeal or increase the rate of district sales tax without voter approval as long as the new rate does not exceed the maximum rate approved by the voters in a previous election held under Section 387.003, Local Government Code.

If the proposed new sales tax rate would exceed the maximum rate previously authorized by the

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After creation of the district, it can be expanded if the county commissioners court calls and holds an election for that purpose in the territory to be added to the district.

voters within the district, the change must be approved by a majority of the votes received in the district at an election held for that purpose.

A district may not adopt an increase in the tax if the adoption of the increase would result in a combined tax rate of all local sales and use taxes of more than 2 percent in any location in the district.

How can the district boundaries be changed?

After creation of the district, it can be expanded if the county commissioners court calls and holds an election for that purpose in the territory to be added to the district. The area in which the election is held will be included in the district and the sales and use tax will be imposed if a majority of the votes received at the election favor inclusion in the district and imposition of the sales and use tax.

Territory also may be added to an existing county assistance district by order of its governing body

on receipt of petitions signed by the owner or owners of a majority of the land in the proposed area to be included in the district. If there are no registered voters in the area to be added to the district, no election is required.

An election may not be held in an area in which the combined tax rate of all local sales and use taxes imposed, including the rate to be imposed by the district if approved at the election, would exceed 2 percent.

The commissioners court by order may exclude an area from a district if the district has no outstanding bonds payable wholly or partly from sales and use taxes and the exclusion does not impair any outstanding district debt or contractual obligation.

Need more information?

For more information about the county assistance district sales tax, call the Comptroller's Economic Development and Analysis Division at (800) 531-5441, ext. 3-4679.

We're Here To Help! *Call Toll-Free!*

If you have questions or need information on a specific tax, please call our toll-free numbers:

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 Tax
Off-Road, Heavy-Duty Diesel Equipment Surcharge
Oyster Fee
Sales and Use Taxes
Telecommunications Infrastructure Fund

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 Machine Tax
Hotel Occupancy Tax

1-800-252-1386

Certificates of Account Status/Good Standing
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

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