



**Glenn Hegar**

Texas Comptroller of  
Public Accounts

# LOCAL SALES TAX OPTIONS

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 type 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 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 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. For most cities, 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.**)

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  
**Comptroller.Texas.Gov**

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.**

**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. 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

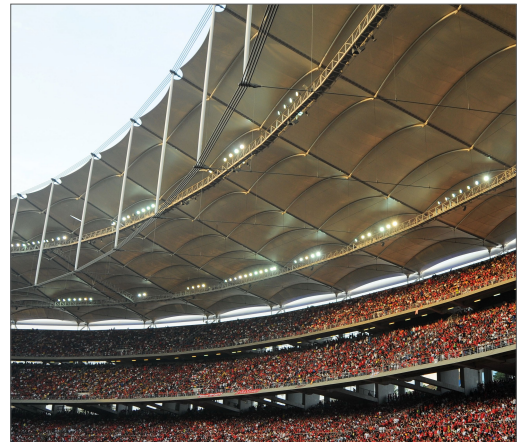
\* This tax is actually imposed by a board, district or authority created by and for the benefit of a city or county.

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



FOR MORE INFORMATION,  
VISIT OUR WEBSITE  
[Comptroller.Texas.Gov](http://Comptroller.Texas.Gov)

RECEIVE ECONOMIC  
DEVELOPMENT TAX HELP  
BY EMAIL AT  
[econ.dev@cpa.texas.gov](mailto:econ.dev@cpa.texas.gov)



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. Gov. 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 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. (**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  
[Comptroller.Texas.Gov](http://Comptroller.Texas.Gov)

RECEIVE ECONOMIC  
DEVELOPMENT TAX HELP  
BY EMAIL AT  
[econ.dev@cpa.texas.gov](mailto: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,  
search our website at  
**Comptroller.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/](http://comptroller.texas.gov/subscribe/).

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.

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

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

**800-442-3453**  
WebFile Help

**800-252-1381**  
Bank Franchise  
Franchise Tax

**800-252-7875**  
Spanish

**800-531-1441**  
Fax on Demand (Most frequently  
requested Sales and Franchise tax  
forms)

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

**800-531-5441**  
Fuels Tax  
IFTA  
LG Decals  
Petroleum Products Delivery Fee  
School Fund Benefit Fee

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

**800-252-1387**  
Insurance Tax

**800-862-2260**  
Coin-Operated Machines Tax  
Hotel Occupancy Tax

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

**800-862-2260**  
Cigarette and Tobacco

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

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

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

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

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