

AN ACT

relating to the addition of certain municipalities to the territory of a regional transportation authority.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter P, Chapter 452, Transportation Code, is amended by adding Section 452.6025 to read as follows:

Sec. 452.6025. ADDITION OF CERTAIN MUNICIPALITIES BY ELECTION. (a) In this section, "special sales and use tax" means:

(1) a sales and use tax levied by a municipality under:

(A) Section 4A or 4B, Development Corporation Act of 1979 (Article 5190.6, Vernon's Texas Civil Statutes);

(B) Section 379A.081, Local Government Code, for the benefit of a municipal development corporation; or

(C) Section 363.055, Local Government Code, for the benefit of a crime control and prevention district; or

(2) an additional municipal sales and use tax levied by a municipality under Chapter 321, Tax Code.

(b) This section applies only to a municipality that levies a special sales and use tax that, when combined with the authority's sales and use tax, would result in a sales and use tax rate of more than two percent in the municipality.

(c) Notwithstanding Section 452.606, a municipality that is not part of an authority may be added to the territory of an authority on a date determined by the executive committee if:

1 (1) any part of the municipality is located in a county
2 in which the authority has territory;

3 (2) the governing body of the municipality calls an
4 election on the addition of the municipality to the territory of the
5 authority; and

6 (3) a majority of the votes cast in the election favor
7 the proposition.

8 (d) The election in a municipality to approve the addition
9 of the municipality to the territory of the authority is to be
10 treated for all purposes as an election to reduce the rate of the
11 municipality's special sales and use tax, on the effective date
12 determined by the executive committee, to the highest rate that
13 will not impair the imposition of the authority's sales and use tax.

14 (e) At any time after the date of the election approving the
15 addition of the municipality to the territory of the authority, the
16 executive committee and the governing body of the municipality may
17 enter into an interlocal agreement that provides for the eventual
18 admission of the municipality to the territory of the authority.

19 (f) Notwithstanding Section 452.607, a sales and use tax
20 imposed by the authority takes effect in the municipality on the
21 first day of the first calendar quarter that begins after the date
22 the comptroller receives a certified copy of an order adopted by the
23 executive committee adding the territory of the municipality,
24 accompanied by a map of the authority clearly showing the territory
25 added.

26 SECTION 2. Section 4A, Development Corporation Act of 1979
27 (Article 5190.6, Vernon's Texas Civil Statutes), is amended by

1 adding Subsection (o-1) to read as follows:

2 (o-1) Notwithstanding Subsection (a), this subsection
3 applies only to a city that is located within the territorial limits
4 of a regional transportation authority and has been added to the
5 territory of the authority under Section 452.6025, Transportation
6 Code. Notwithstanding any other provision of this section, a tax
7 imposed by the city under this section is subject to reduction in
8 the manner prescribed by Section 452.6025, Transportation Code.

9 SECTION 3. Section 4B, Development Corporation Act of 1979
10 (Article 5190.6, Vernon's Texas Civil Statutes), is amended by
11 adding Subsection (n-1) to read as follows:

12 (n-1) This subsection applies only to a city that is located
13 within the territorial limits of a regional transportation
14 authority that has been added to the territory of the authority
15 under Section 452.6025, Transportation Code. Notwithstanding any
16 other provision of this section, a tax imposed by the city under
17 this section is subject to reduction in the manner prescribed by
18 Section 452.6025, Transportation Code.

19 SECTION 4. Subchapter D, Chapter 363, Local Government
20 Code, is amended by adding Section 363.1541 to read as follows:

21 Sec. 363.1541. REDUCTION OF TAX RATE FOR CERTAIN DISTRICTS.

22 (a) This section applies only to a district created by a
23 municipality that has elected to be added to the territory of a
24 regional transportation authority under Section 452.6025,
25 Transportation Code.

26 (b) The board shall reduce the sales and use tax imposed for
27 the benefit of the district to the highest rate that will not impair

1 the imposition of the regional transportation authority's sales and
2 use tax on or before the effective date of the addition of the
3 municipality to the authority as determined by the executive
4 committee of the regional transportation authority under Section
5 452.6025, Transportation Code.

6 SECTION 5. Section 379A.082, Local Government Code, is
7 amended by adding Subsection (d) to read as follows:

8 (d) Notwithstanding Subsections (a)-(c), in a municipality
9 that is located within the territorial limits of a regional
10 transportation authority and was added to the authority under
11 Section 452.6025, Transportation Code, a sales and use tax imposed
12 by the municipality under this subchapter is subject to reduction
13 in the manner prescribed by that section.

14 SECTION 6. This Act takes effect immediately if it receives
15 a vote of two-thirds of all the members elected to each house, as
16 provided by Section 39, Article III, Texas Constitution. If this
17 Act does not receive the vote necessary for immediate effect, this
18 Act takes effect September 1, 2003.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 972 passed the Senate on May 1, 2003, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 972 passed the House on May 28, 2003, by the following vote: Yeas 144, Nays 0, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor