

By: Shapiro

S.B. No. 972

A BILL TO BE ENTITLED

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) This section applies only to a municipality that:

(1) has created an industrial development corporation under Section 4A or 4B, Development Corporation Act of 1979 (Article 5190.6, Vernon's Texas Civil Statutes); and

(2) levies a sales and use tax under Section 4A or 4B of that Act for the benefit of the corporation.

(b) The territory of a municipality that is not part of an authority may be added to an authority in the manner otherwise provided by this subchapter, except that if addition of the territory of the municipality to the authority would impair the imposition of the authority's sales and use tax because the addition would result in a combined sales and use tax rate of more than two percent in the municipality, the election in a municipality to approve the addition of the municipality to the authority is to be treated for all purposes as an election to reduce the rate of the municipality's sales and use tax levied under Section 4A or 4B, Development Corporation Act of 1979 (Article

1 5190.6, Vernon's Texas Civil Statutes), as applicable, to the  
2 highest rate that will not impair:

3 (1) the imposition of the authority's sales and use  
4 tax; and

5 (2) any outstanding bonds or other obligations that  
6 are payable in whole or in part from the proceeds of the sales and  
7 use tax levied under Section 4A or 4B of that Act, as applicable.

8 (c) If the rate of the municipality's sales and use tax  
9 levied under Section 4A or 4B, Development Corporation Act of 1979  
10 (Article 5190.6, Vernon's Texas Civil Statutes), as reduced under  
11 Subsection (b), will impair the imposition of the authority's sales  
12 and use tax, the governing body of the municipality shall reduce the  
13 rate of the municipality's sales and use tax under Chapter 321, Tax  
14 Code, to the highest rate that, when combined with the reduced rate  
15 of the municipality's sales and use tax levied under Section 4A or  
16 4B, Development Corporation Act of 1979 (Article 5190.6, Vernon's  
17 Texas Civil Statutes), will not impair the imposition of the  
18 authority's sales and use tax.

19 (d) The rate of the municipality's sales and use tax under  
20 Chapter 321, as reduced under Subsection (c), remains in effect  
21 until the earlier of the date that:

22 (1) the bonds or other obligations are paid in full; or  
23 (2) the amount of money necessary to pay in full the  
24 bonds or other obligations has been set aside in a trust account  
25 dedicated to the payment of the bonds or other obligations.

26 (e) On the earlier date under Subsection (d):

27 (1) the rate of the municipality's sales and use tax

1 levied by the municipality under Section 4A or 4B, Development  
2 Corporation Act of 1979 (Article 5190.6, Vernon's Texas Civil  
3 Statutes), is reduced to the highest rate that will not impair the  
4 imposition of the authority's sales and use tax; and

5 (2) the rate of the municipality's sales and use tax  
6 under Chapter 321, Tax Code, is increased accordingly.

7 SECTION 2. This Act takes effect immediately if it receives  
8 a vote of two-thirds of all the members elected to each house, as  
9 provided by Section 39, Article III, Texas Constitution. If this  
10 Act does not receive the vote necessary for immediate effect, this  
11 Act takes effect September 1, 2003.