

By: Hinojosa

S.B. No. 41

A BILL TO BE ENTITLED

AN ACT

relating to the use of sales tax revenue to pay or secure certain municipal public securities.

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

SECTION 1. Chapter 1331, Government Code, is amended by adding Subchapter Z to read as follows:

SUBCHAPTER Z. MISCELLANEOUS PROVISIONS

Sec. 1331.901. USE OF SALES TAX TO PAY OR SECURE CERTAIN PUBLIC SECURITIES. (a) In this section, "public security" has the meaning assigned by Section 1201.002.

(b) If approved at an election as provided by Subsection (c), revenue derived from a sales and use tax received by a municipality may be used to pay or secure the payment of public securities issued by or on behalf of the municipality to finance the acquisition, construction, equipping, renovation, or improvement of any public work or other project any part of which is located in:

(1) a tax increment reinvestment zone created under Chapter 311, Tax Code;

(2) an area designated as an enterprise zone under Chapter 2303;

(3) a municipal management district created under general or local law;

(4) a public improvement district created under Chapter 372, Local Government Code;

1 (5) an empowerment zone or an enterprise community
2 designated under Section 1391, Internal Revenue Code of 1986; or

3 (6) a renewal community designated under Section
4 1400E, Internal Revenue Code of 1986.

5 (c) Revenue derived from a sales and use tax received by a
6 municipality may be used for a purpose described by Subsection (b)
7 only if approved by a majority of the voters voting at an election
8 in the municipality ordered by the governing body of the
9 municipality for that purpose.

10 SECTION 2. Section 321.506, Tax Code, is amended to read as
11 follows:

12 Sec. 321.506. USE OF TAX REVENUE BY MUNICIPALITY. Except as
13 provided by Section 321.507, the money received by a municipality
14 under this chapter is for the use and benefit of the municipality
15 and may be used for any purpose for which the general funds of the
16 municipality may be used. However, [except that] a municipality
17 may not pledge the revenue received under this chapter to the
18 payment of bonds or other indebtedness except as provided by
19 Section 1331.901, Government Code.

20 SECTION 3. This Act takes effect immediately if it receives
21 a vote of two-thirds of all the members elected to each house, as
22 provided by Section 39, Article III, Texas Constitution. If this
23 Act does not receive the vote necessary for immediate effect, this
24 Act takes effect November 1, 2005.