

By: Raymond

H.B. No. 3438

A BILL TO BE ENTITLED

AN ACT

relating to an election to authorize a sales and use tax adopted by certain municipalities to finance sports and community venues to be used for economic development purposes.

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

SECTION 1. Subchapter F, Chapter 505, Local Government Code, is amended by adding Section 505.260 to read as follows:

Sec. 505.260. ELECTION TO CONVERT SALES AND USE TAX ADOPTED UNDER CHAPTER 334. (a) This section applies only to a municipality with a population of more than 200,000 that borders the United Mexican States and that:

(1) adopts a sales and use tax to finance an approved venue project in the manner provided by Chapter 334;

(2) as of September 1, 2011, has outstanding bonds or other obligations of the municipality that are payable wholly or partly from money in the venue project fund derived from a sales and use tax, including any refunding bonds or other obligations; and

(3) has not begun construction of the venue and related infrastructure as of September 1, 2011.

(b) The governing body of an authorizing municipality to which this section applies by ordinance may convert the sales and use tax adopted under Chapter 334 to a sales and use tax under this chapter for the benefit of the Type B corporation if the conversion of the tax is approved by a majority of the voters of the

1 municipality voting at an election held for that purpose in  
2 accordance with this section and Chapter 321, Tax Code.

3 (c) In an election to convert the tax, the ballot shall be  
4 printed to provide for voting for or against the proposition: "The  
5 conversion of the sales and use tax to finance a sports and  
6 community venue previously approved by the voters of this  
7 municipality to a sales and use tax to be used by the municipality's  
8 Type B corporation for \_\_\_\_\_ (Insert  
9 specific purpose authorized by Chapter 505)."

10 (d) For purposes of Chapter 321, Tax Code, an election for  
11 the conversion of the sales and use tax is an election for the  
12 adoption of the sales and use tax.

13 (e) If a majority of the voters of the municipality voting  
14 at the election approve the conversion of the tax, the sales and use  
15 tax under Chapter 334 is converted to a sales and use tax under this  
16 chapter for the benefit of the Type B corporation and, subject to  
17 the required payment of the principal of and interest on the  
18 outstanding bonds or other obligations described by Subsection  
19 (a)(2) as the obligations become due, the corporation may use the  
20 proceeds of the tax, as provided by this chapter, on the effective  
21 date of the conversion.

22 (f) Not later than the 10th day after the date of the canvass  
23 of an election in which the voters approve the conversion of a sales  
24 and use tax imposed under Chapter 334 for use by the Type B  
25 corporation, the governing body of the authorizing municipality  
26 shall:

27 (1) notify the comptroller of the results of the

1 election; and

2 (2) provide for the transfer of the money the  
3 municipality deposited in the venue project fund under Section  
4 334.042 that is derived from a sales and use tax for the use of the  
5 Type B corporation.

6 (g) Conversion of a sales and use tax as provided by this  
7 section:

8 (1) abolishes the tax for the purposes of Chapter 334;

9 (2) establishes the tax as a tax adopted and imposed  
10 under this chapter to be administered and collected as provided by  
11 Section 505.256; and

12 (3) does not affect the combined rate of all sales and  
13 use taxes imposed by the municipality, this state, and other  
14 political subdivisions of this state having territory in the  
15 municipality, and that rate is the same rate after conversion as it  
16 was before conversion.

17 (h) The effective date of a conversion under this section is  
18 the day after the date that the sales and use tax may not be  
19 collected as provided by Section 334.089. The Type B corporation  
20 may not use the proceeds of the converted sales and use tax or  
21 transferred money from the venue project fund until the date the  
22 conversion takes effect.

23 SECTION 2. Section 334.089(a), Local Government Code, is  
24 amended to read as follows:

25 (a) A sales and use tax imposed under this subchapter may  
26 not be collected after the last day of the first calendar quarter  
27 occurring after notification to the comptroller by the municipality

1 or county that:

2           (1) the municipality or county has abolished the tax;

3           (2) the voters of the municipality have approved the  
4 conversion of the tax at an election held for that purpose under  
5 Section 505.260;

6           (3) [~~or that~~] all bonds or other obligations of the  
7 municipality or county that are payable in whole or in part from  
8 money in the venue project fund, including any refunding bonds or  
9 other obligations, have been paid in full; or

10           (4) the full amount of money, exclusive of guaranteed  
11 interest, necessary to pay in full the bonds and other obligations  
12 has been set aside in a trust account dedicated to the payment of  
13 the bonds and other obligations.

14           SECTION 3. This Act takes effect September 1, 2011.