

AN ACT

relating to certain taxes and to an annual report submitted to the comptroller concerning those taxes.

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

SECTION 1. Section 334.089(a), Local Government Code, is amended to read as follows:

(a) Except as provided by Section 334.090, a [A] sales and use tax imposed under this subchapter may not be collected after the last day of the first calendar quarter occurring after notification to the comptroller by the municipality or county that the municipality or county has abolished the tax or that all bonds or other obligations of the municipality or county that are payable in whole or in part from money in the venue project fund, including any refunding bonds or other obligations, have been paid in full or the full amount of money, exclusive of guaranteed interest, necessary to pay in full the bonds and other obligations has been set aside in a trust account dedicated to the payment of the bonds and other obligations.

SECTION 2. Subchapter D, Chapter 334, Local Government Code, is amended by adding Section 334.090 to read as follows:

Sec. 334.090. CONVERSION OF TAX. (a) A sales and use tax imposed under this subchapter is abolished or the rate of the tax is reduced, as applicable, on the date a conversion of all or a portion of the tax under Section 504.263 or 505.260 takes effect.

1 (b) A municipality or county shall notify the comptroller of
2 a conversion described by Subsection (a) not later than the 60th day
3 before the date the conversion takes effect.

4 (c) The abolition or reduction by a county of the rate of a
5 sales and use tax imposed under this section shall be included in
6 the report submitted to the comptroller by the county under Section
7 352.009.

8 SECTION 3. Subchapter F, Chapter 504, Local Government
9 Code, is amended by adding Section 504.263 to read as follows:

10 Sec. 504.263. ELECTION TO CONVERT CERTAIN SALES AND USE TAX
11 AUTHORITY. (a) This section applies only to:

12 (1) a municipality with a population of more than
13 200,000 that borders the United Mexican States and that:

14 (A) has adopted a sales and use tax under
15 Subchapter D, Chapter 334; and

16 (B) on September 1, 2019, has or will have
17 outstanding bonded indebtedness for bonds issued under Section
18 334.043 that are payable wholly or partly from the sales and use
19 tax; or

20 (2) a county that borders the United Mexican States
21 that:

22 (A) has a population of less than 300,000; and

23 (B) contains one or more municipalities with a
24 population of 200,000 or more that hold an annual jalapeño
25 festival.

26 (b) A municipality or county may convert all or a portion of
27 a sales and use tax originally adopted under Subchapter D, Chapter

1 334, to a sales and use tax under this subchapter if the conversion
2 is approved by a majority of the voters of the municipality or
3 county voting at an election held for that purpose.

4 (c) In an election to convert all or a portion of a municipal
5 sales and use tax as provided by this section, the ballot shall be
6 printed to provide for voting for or against the proposition: "The
7 conversion of (insert "the" or "a portion of the," as applicable)
8 sales and use tax originally adopted for the purpose of financing a
9 sports and community venue project to a (insert the appropriate tax
10 rate that is an increment of one-eighth of one percent) sales and
11 use tax for the promotion and development of new and expanded
12 business enterprises."

13 (d) For purposes of Chapter 321, Tax Code, an election under
14 this section is an election to adopt a sales and use tax under this
15 subchapter and, as applicable, to abolish or reduce the rate of the
16 tax under Subchapter D, Chapter 334.

17 (e) Notwithstanding Section 321.102, Tax Code, a conversion
18 by a municipality under this section takes effect on the first day
19 after the date all bonds described by Subsection (a)(1)(B),
20 including any refunding bonds, have been paid in full or the full
21 amount of money, exclusive of guaranteed interest, necessary to pay
22 the bonds in full has been set aside in a trust account dedicated to
23 the payment of the bonds.

24 (f) Notwithstanding Section 321.405(a), Tax Code, a
25 municipality that converts all or a portion of a tax under this
26 section shall comply with Section 321.405, Tax Code, not later than
27 the 60th day before the date the conversion takes effect.

1 (g) The conversion of all or a portion of a sales and use tax
2 under this section:

3 (1) abolishes or reduces the rate of a tax adopted
4 under Subchapter D, Chapter 334, as applicable; and

5 (2) imposes a sales and use tax under this subchapter:

6 (A) at the same rate as the tax under Subchapter
7 D, Chapter 334, was imposed, if that tax is abolished; or

8 (B) at a rate equal to the reduction in the rate
9 of the tax under Subchapter D, Chapter 334, if that rate is reduced.

10 (h) If a sales and use tax conversion under this section is
11 not approved, the election does not affect the county's or
12 municipality's authority to impose the sales and use tax adopted
13 under Chapter 334, or the rate of that tax, as provided by that
14 chapter.

15 (i) If conversion of a portion of a sales and use tax is
16 approved under this section, the county or municipality may
17 continue to impose the portion of the tax under Subchapter D,
18 Chapter 334, that was not converted as provided by that chapter.

19 (j) For a municipal tax converted under this subchapter, the
20 election requirement under Subsection (b) is satisfied and another
21 election is not required if the voters of the authorizing
22 municipality approved the conversion at an election called or held
23 before the effective date of the Act enacting this section under an
24 ordinance calling the election that:

25 (1) was published in a newspaper of general
26 circulation in the municipality at least 14 days before the date of
27 the election; and

1 (2) expressly stated that the election was being
2 called or held in anticipation of the enactment of enabling and
3 implementing legislation without further elections.

4 SECTION 4. Subchapter F, Chapter 505, Local Government
5 Code, is amended by adding Section 505.260 to read as follows:

6 Sec. 505.260. ELECTION TO CONVERT CERTAIN SALES AND USE TAX
7 AUTHORITY. (a) This section applies only to:

8 (1) a municipality with a population of more than
9 200,000 that borders the United Mexican States and that:

10 (A) has adopted a sales and use tax under
11 Subchapter D, Chapter 334; and

12 (B) on September 1, 2019, has or will have
13 outstanding bonded indebtedness for bonds issued under Section
14 334.043 that are payable wholly or partly from the sales and use
15 tax; or

16 (2) a county that borders the United Mexican States
17 that:

18 (A) has a population of less than 300,000; and

19 (B) contains one or more municipalities with a
20 population of 200,000 or more that hold an annual jalapeño
21 festival.

22 (b) A municipality or county may convert all or a portion of
23 a sales and use tax originally adopted under Subchapter D, Chapter
24 334, to a sales and use tax under this subchapter if the conversion
25 is approved by a majority of the voters of the municipality or
26 county voting at an election held for that purpose.

27 (c) In an election to convert all or a portion of a municipal

1 sales and use tax as provided by this section, the ballot shall be
2 printed to provide for voting for or against the proposition: "The
3 conversion of (insert "the" or "a portion of the," as applicable)
4 sales and use tax originally adopted for the purpose of financing a
5 sports and community venue project to a (insert the appropriate tax
6 rate that is an increment of one-eighth of one percent) sales and
7 use tax for economic development projects described by Chapter
8 505."

9 (d) For purposes of Chapter 321, Tax Code, an election under
10 this section is an election to adopt a sales and use tax under this
11 subchapter and, as applicable, to abolish or reduce the rate of the
12 tax under Subchapter D, Chapter 334.

13 (e) Notwithstanding Section 321.102, Tax Code, a conversion
14 by a municipality under this section takes effect on the first day
15 after the date all bonds described by Subsection (a)(1)(B),
16 including any refunding bonds, have been paid in full or the full
17 amount of money, exclusive of guaranteed interest, necessary to pay
18 the bonds in full has been set aside in a trust account dedicated to
19 the payment of the bonds.

20 (f) Notwithstanding Section 321.405(a), Tax Code, a
21 municipality that converts all or a portion of a tax under this
22 section shall comply with Section 321.405, Tax Code, not later than
23 the 60th day before the date the conversion takes effect.

24 (g) The conversion of all or a portion of a sales and use tax
25 under this section:

26 (1) abolishes or reduces the rate of a tax adopted
27 under Subchapter D, Chapter 334, as applicable; and

1 (2) imposes a sales and use tax under this subchapter:

2 (A) at the same rate as the tax under Subchapter
3 D, Chapter 334, was imposed, if that tax is abolished; or

4 (B) at a rate equal to the reduction in the rate
5 of the tax under Subchapter D, Chapter 334, if that rate is reduced.

6 (h) If a sales and use tax conversion under this section is
7 not approved, the election does not affect the county's or
8 municipality's authority to impose the sales and use tax adopted
9 under Chapter 334, or the rate of that tax, as provided by that
10 chapter.

11 (i) If conversion of a portion of a sales and use tax is
12 approved under this section, the county or municipality may
13 continue to impose the portion of the tax under Subchapter D,
14 Chapter 334, that was not converted as provided by that chapter.

15 (j) For a municipal tax converted under this subchapter, the
16 election requirement under Subsection (b) is satisfied and another
17 election is not required if the voters of the authorizing
18 municipality approved the conversion at an election called or held
19 before the effective date of the Act enacting this section under an
20 ordinance calling the election that:

21 (1) was published in a newspaper of general
22 circulation in the municipality at least 14 days before the date of
23 the election; and

24 (2) expressly stated that the election was being
25 called or held in anticipation of the enactment of enabling and
26 implementing legislation without further elections.

27 SECTION 5. Subchapter A, Chapter 352, Tax Code, is amended

1 by adding Section 352.009 to read as follows:

2 Sec. 352.009. ANNUAL REPORT TO COMPTROLLER. (a) Not later
3 than February 20 of each year, a county that imposes the tax
4 authorized by this chapter shall report to the comptroller:

5 (1) the rate of:

6 (A) the tax imposed by the county under this
7 chapter; and

8 (B) if applicable, the tax imposed by the county
9 under Subchapter H, Chapter 334, Local Government Code; and

10 (2) the amount of revenue collected during the
11 county's preceding fiscal year from:

12 (A) the tax imposed by the county under this
13 chapter; and

14 (B) if applicable, the tax imposed by the county
15 under Subchapter H, Chapter 334, Local Government Code.

16 (b) The county must make the report required by this section
17 by:

18 (1) submitting the report to the comptroller on a form
19 prescribed by the comptroller; or

20 (2) providing the comptroller a direct link to, or a
21 clear statement describing the location of, the information
22 required to be reported that is posted on the Internet website of
23 the county.

24 (c) Subject to Subsection (b)(2), the comptroller shall
25 prescribe the form a county must use for the report required to be
26 submitted under this section.

27 (d) The comptroller may adopt rules necessary to administer

1 this section.

2 SECTION 6. As soon as practicable, but not later than
3 January 1, 2020, the comptroller of public accounts shall prescribe
4 the form required by Section 352.009(c), Tax Code, as added by this
5 Act.

6 SECTION 7. A county shall submit the initial report or
7 otherwise provide the initial information required by Section
8 352.009, Tax Code, as added by this Act, not later than February 20,
9 2020.

10 SECTION 8. This Act takes effect immediately if it receives
11 a vote of two-thirds of all the members elected to each house, as
12 provided by Section 39, Article III, Texas Constitution. If this
13 Act does not receive the vote necessary for immediate effect, this
14 Act takes effect September 1, 2019.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1319 passed the Senate on April 17, 2019, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendment on May 23, 2019, by the following vote: Yeas 30, Nays 1.

Secretary of the Senate

I hereby certify that S.B. No. 1319 passed the House, with amendment, on May 21, 2019, by the following vote: Yeas 146, Nays 0, one present not voting.

Chief Clerk of the House

Approved:

Date

Governor