

By: Zaffirini

S.B. No. 1798

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to an election in certain municipalities to convert all or  
3 a portion of a sales and use tax originally adopted for the purpose  
4 of sports and community venues to a sales and use tax for economic  
5 development purposes.

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

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

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

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

23 Sec. 334.090. CONVERSION OF TAX. (a) A sales and use tax  
24 imposed under this subchapter is abolished or the rate of the tax is

1 reduced, as applicable, on the date a conversion of all or a portion  
2 of the tax under Section 504.263 or 505.260 takes effect.

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

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

8 Sec. 504.263. ELECTION TO CONVERT CERTAIN SALES AND USE TAX  
9 AUTHORITY. (a) This section applies only to a municipality with a  
10 population of more than 200,000 that borders the United Mexican  
11 States and that:

12 (1) has adopted a sales and use tax under Subchapter D,  
13 Chapter 334; and

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

17 (b) A municipality may convert all or a portion of a sales  
18 and use tax originally adopted under Subchapter D, Chapter 334, to  
19 pay for all or part of the bonds described by Subsection (a)(2) to a  
20 sales and use tax under this subchapter if the conversion is  
21 approved by a majority of the voters of the municipality voting at  
22 an election held for that purpose. The municipality may not convert  
23 any portion of the sales and use tax that, on the date the  
24 municipality orders the election under Subsection (c), is pledged  
25 or obligated for a purpose other than the payment of the bonds  
26 described by Subsection (a)(2).

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

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

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 under this section takes effect on the first day after the date all  
15 bonds described by Subsection (a)(2), including any refunding bonds  
16 or other obligations, have been paid in full or the full amount of  
17 money, exclusive of guaranteed interest, necessary to pay in full  
18 the bonds or other obligations has been set aside in a trust account  
19 dedicated to the payment of the bonds or other obligations.

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 Chapter 334, as applicable;

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

2                   (A) at the same rate as the tax under Chapter 334  
3 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 Chapter 334, if that rate is reduced; and

6           (3) may not affect the combined rate of all sales and  
7 use taxes imposed by political subdivisions of this state in any  
8 territory in which the tax is imposed.

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

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

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

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

26                   (2) expressly stated that the election was being held  
27 in anticipation of the enactment of enabling and implementing

1 legislation without further elections.

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

4 Sec. 505.260. ELECTION TO CONVERT CERTAIN SALES AND USE TAX  
5 AUTHORITY. (a) This section applies only to a municipality with a  
6 population of more than 200,000 that borders the United Mexican  
7 States and that:

8 (1) has adopted a sales and use tax under Subchapter D,  
9 Chapter 334; and

10 (2) on September 1, 2019, has or will have outstanding  
11 bonded indebtedness for bonds issued under Section 334.043 that are  
12 payable wholly or partly from the sales and use tax.

13 (b) A municipality may convert all or a portion of a sales  
14 and use tax originally adopted under Subchapter D, Chapter 334, to  
15 pay for all or part of the bonds described by Subsection (a)(2) to a  
16 sales and use tax under this subchapter if the conversion is  
17 approved by a majority of the voters of the municipality voting at  
18 an election held for that purpose. The municipality may not convert  
19 any portion of the sales and use tax that, on the date the  
20 municipality orders the election under Subsection (c), is pledged  
21 or obligated for a purpose other than the payment of the bonds  
22 described by Subsection (a)(2).

23 (c) In an election to convert all or a portion of a sales and  
24 use tax as provided by this section, the ballot shall be printed to  
25 provide for voting for or against the proposition: "The conversion  
26 of (insert "the" or "a portion of the," as applicable) sales and use  
27 tax originally adopted for the purpose of financing a sports and

1 community venue project to a (insert the appropriate tax rate that  
2 is an increment of one-eighth of one percent) sales and use tax for  
3 economic development projects described by Chapter 505.

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

8 (e) Notwithstanding Section 321.102, Tax Code, a conversion  
9 under this section takes effect on the first day after the date all  
10 bonds described by Subsection (a)(2), including any refunding bonds  
11 or other obligations, have been paid in full or the full amount of  
12 money, exclusive of guaranteed interest, necessary to pay in full  
13 the bonds or other obligations has been set aside in a trust account  
14 dedicated to the payment of the bonds or other obligations.

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

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

21 (1) abolishes or reduces the rate of a tax adopted  
22 under Chapter 334, as applicable;

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

24 (A) at the same rate as the tax under Chapter 334  
25 was imposed, if that tax is abolished; or

26 (B) at a rate equal to the reduction in the rate  
27 of the tax under Chapter 334, if that rate is reduced; and

1           (3) may not affect the combined rate of all sales and  
2 use taxes imposed by political subdivisions of this state in any  
3 territory in which the tax is imposed.

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

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

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

18                   (1) was published in a newspaper of general  
19 circulation in the municipality at least 14 days before the date of  
20 the election; and

21                   (2) expressly stated that the election was being held  
22 in anticipation of the enactment of enabling and implementing  
23 legislation without further elections.

24           SECTION 5. This Act takes effect immediately if it receives  
25 a vote of two-thirds of all the members elected to each house, as  
26 provided by Section 39, Article III, Texas Constitution. If this  
27 Act does not receive the vote necessary for immediate effect, this

S.B. No. 1798

1 Act takes effect September 1, 2019.