

By: Raymond

H.B. No. 950

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to the conversion of all or a portion of a municipal sales  
3 and use tax originally adopted for the purpose of sports and  
4 community venues to a municipal 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 that:

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

12 (2) on September 1, 2021, has or will have outstanding  
13 bonded indebtedness for bonds issued under Section 334.043 that are  
14 payable wholly or partly from the sales and use tax.

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

20 (c) In an election to convert all or a portion of a sales and  
21 use tax as provided by this section, the ballot shall be printed to  
22 provide for voting for or against the proposition: "The conversion  
23 of (insert "the" or "a portion of the," as applicable) sales and use  
24 tax originally adopted for the purpose of financing a sports and  
25 community venue project to a (insert the appropriate tax rate that  
26 is an increment of one-eighth of one percent) sales and use tax for  
27 the promotion and development of new and expanded business

1 enterprises."

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

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

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

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

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

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

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

23 (B) at a rate equal to the reduction in the rate  
24 of the tax under Subchapter D, Chapter 334, if that rate is reduced;  
25 and

26 (3) may not affect the combined rate of all sales and  
27 use taxes imposed by political subdivisions of this state in any

1 territory in which the tax is imposed.

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

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

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

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

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

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

24 Sec. 505.260. ELECTION TO CONVERT CERTAIN SALES AND USE TAX  
25 AUTHORITY. (a) This section applies only to a municipality that:

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

1           (2) on September 1, 2021, has or will have outstanding  
2 bonded indebtedness for bonds issued under Section 334.043 that are  
3 payable wholly or partly from the sales and use tax.

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

9           (c) In an election to convert all or a portion of a sales and  
10 use tax as provided by this section, the ballot shall be printed to  
11 provide for voting for or against the proposition: "The conversion  
12 of (insert "the" or "a portion of the," as applicable) sales and use  
13 tax originally adopted for the purpose of financing a sports and  
14 community venue project to a (insert the appropriate tax rate that  
15 is an increment of one-eighth of one percent) sales and use tax for  
16 economic development projects described by Chapter 505, Local  
17 Government Code."

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

22           (e) Notwithstanding Section 321.102, Tax Code, a conversion  
23 under this section takes effect on the first day after the date all  
24 bonds described by Subsection (a)(2), including any refunding  
25 bonds, have been paid in full or the full amount of money, exclusive  
26 of guaranteed interest, necessary to pay the bonds in full has been  
27 set aside in a trust account dedicated to the payment of the bonds.

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

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

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

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

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

12 (B) at a rate equal to the reduction in the rate  
13 of the tax under Subchapter D, Chapter 334, if that rate is reduced;  
14 and

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

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

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

26 (j) For a tax converted under this subchapter, the election  
27 requirement under Subsection (b) is satisfied and another election

1 is not required if the voters of the authorizing municipality  
2 approved the conversion at an election called or held before the  
3 effective date of the Act enacting this section under an ordinance  
4 calling the election that:

5 (1) was published in a newspaper of general  
6 circulation in the municipality at least 14 days before the date of  
7 the election; and

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

11 SECTION 5. This Act takes effect immediately if it receives  
12 a vote of two-thirds of all the members elected to each house, as  
13 provided by Section 39, Article III, Texas Constitution. If this  
14 Act does not receive the vote necessary for immediate effect, this  
15 Act takes effect September 1, 2021.