

BILL ANALYSIS

C.S.H.B. 3160
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Some municipalities, such as the City of Laredo, have reportedly expressed the desire to hold an election to authorize the sales and use tax previously adopted for purposes of financing a sports and community venue to be partially converted and used for economic development purposes. Concerns have been raised suggesting that the promotion of economic diversification, the creation of jobs, and improvements to quality of life in these municipalities are being hampered due to the restricted uses of the sports venue tax. There have been calls to utilize portions of this tax to promote and develop new and expanded business enterprises. C.S.H.B. 3160 seeks to address this issue by providing for an election to authorize such a conversion.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3160 amends the Local Government Code to authorize certain municipalities to convert all or a portion of a sales and use tax originally adopted for the purposes of a sports and community venue to a sales and use tax for the benefit of a Type A or Type B corporation, if the conversion is approved by a majority of the voters of the municipality voting at an election held for that purpose. This authority applies to a municipality with a population of more than 200,000 that borders the United Mexican States; has adopted a sales and use tax for the purposes of sports and community venues; and on September 1, 2019, has or will have outstanding bond indebtedness for bonds issued to pay the costs of an approved venue project that are payable wholly or partly from the sales and use tax. The bill sets out the required ballot language for the election and specifies the election type for purposes of the Municipal Sales and Use Tax Act. The conversion takes effect on the first day after the date all applicable bonds, including any refunding bonds, have been paid in full or the full amount of money, exclusive of guaranteed interest, necessary to pay the bonds in full has been set aside in a trust account dedicated to the payment of the bonds. The bill requires a municipality that converts all or a portion of a tax under the bill's provisions to comply with Municipal Sales and Use Tax Act provisions relating to the official results of an election not later than the 60th day before the date the conversion takes effect.

C.S.H.B. 3160 establishes that the conversion of all or a portion of a sales and use tax under the bill's provisions:

- abolishes or reduces the rate of a tax adopted for purposes of sports and community venues, as applicable;

- imposes a sales and use tax for the benefit of a Type A or Type B corporation, as applicable, at the same rate as the tax for sports and community venues was imposed, if that tax is abolished, or at a rate equal to the reduction in the rate of the tax, if that rate is reduced; and
- may not affect the combined rate of all sales and use taxes imposed by political subdivisions of the state in any territory in which the converted tax is imposed.

The bill specifies that, if a sales and use tax conversion is not approved, the election does not affect the municipality's authority to impose the sales and use tax for sports and community venues or the rate of that tax and, if conversion of a portion of the tax is approved, the municipality may continue to impose the portion of the tax that was not converted.

C.S.H.B. 3160 establishes that the election requirement for a conversion is satisfied and another election is not required if the voters of the authorizing municipality approved the conversion at an election called or held before the bill's effective date under an ordinance calling the election that was published in a newspaper of general circulation in the municipality at least 14 days before the date of the election and expressly stated that the election was being called or held in anticipation of the enactment of enabling and implementing legislation without further elections.

C.S.H.B. 3160 sets a sales and use tax for sports and community venues to be abolished, or the rate of the tax to be reduced, as applicable, on the date a conversion of all or a portion of the tax under the bill's provisions takes effect. The bill requires a municipality to notify the comptroller of public accounts of the conversion not later than the 60th day before the date the conversion takes effect.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2019.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3160 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute does not include the specification that the sales and use tax originally adopted for sports and community venues that a municipality may convert under certain conditions to a sales and use tax for the benefit of a Type A or Type B corporation is a tax to pay for all or part of certain bonds issued for a sports and community venue.

The substitute does not include a prohibition against a municipality converting any portion of the sales and use tax that, on the date a municipality orders an election to convert all or a portion of the tax, is pledged or obligated for a purpose other than the payment of the bonds.

The substitute includes a provision establishing that the election requirement for such a conversion is satisfied and another election is not required if the voters of the authorizing municipality approved the conversion at an election called before the bill's effective date under certain conditions.