

1-1 By: Hinojosa S.B. No. 1440
1-2 (In the Senate - Filed March 10, 2005; March 21, 2005, read
1-3 first time and referred to Committee on Intergovernmental
1-4 Relations; April 29, 2005, reported favorably by the following
1-5 vote: Yeas 5, Nays 0; April 29, 2005, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to the use of sales tax revenue to pay or secure certain
1-9 municipal public securities.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. Chapter 1331, Government Code, is amended by
1-12 adding Subchapter Z to read as follows:

1-13 SUBCHAPTER Z. MISCELLANEOUS PROVISIONS

1-14 Sec. 1331.901. USE OF SALES TAX TO PAY OR SECURE CERTAIN
1-15 PUBLIC SECURITIES. (a) In this section, "public security" has the
1-16 meaning assigned by Section 1201.002.

1-17 (b) Revenue derived from a sales and use tax received by a
1-18 municipality may be used to pay or secure the payment of public
1-19 securities issued by or on behalf of the municipality to finance the
1-20 acquisition, construction, equipping, renovation, or improvement
1-21 of any public work or other project any part of which is located in:

1-22 (1) a tax increment reinvestment zone created under
1-23 Chapter 311, Tax Code;

1-24 (2) an area designated as an enterprise zone under
1-25 Chapter 2303;

1-26 (3) a municipal management district created under
1-27 general or local law;

1-28 (4) a public improvement district created under
1-29 Chapter 372, Local Government Code;

1-30 (5) an empowerment zone or an enterprise community
1-31 designated under Section 1391, Internal Revenue Code of 1986; or

1-32 (6) a renewal community designated under Section
1-33 1400E, Internal Revenue Code of 1986.

1-34 SECTION 2. Section 321.506, Tax Code, is amended to read as
1-35 follows:

1-36 Sec. 321.506. USE OF TAX REVENUE BY MUNICIPALITY. Except as
1-37 provided by Section 321.507, the money received by a municipality
1-38 under this chapter is for the use and benefit of the municipality
1-39 and may be used for any purpose for which the general funds of the
1-40 municipality may be used. However, [except that] a municipality
1-41 may not pledge the revenue received under this chapter to the
1-42 payment of bonds or other indebtedness except as provided by
1-43 Section 1331.901, Government Code.

1-44 SECTION 3. This Act takes effect immediately if it receives
1-45 a vote of two-thirds of all the members elected to each house, as
1-46 provided by Section 39, Article III, Texas Constitution. If this
1-47 Act does not receive the vote necessary for immediate effect, this
1-48 Act takes effect September 1, 2005.

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