

GOVERNMENT CODE

CHAPTER 1504. OBLIGATIONS FOR MUNICIPAL BUILDINGS  
SUBCHAPTER A. REVENUE BONDS FOR CERTAIN FACILITIES

Sec. 1504.001. AUTHORITY FOR CERTAIN FACILITIES. (a) A municipality may establish, acquire, lease as lessee or lessor, construct, improve, enlarge, equip, repair, operate, or maintain a facility such as:

(1) a civic center, auditorium, opera house, music hall, exhibition hall, coliseum, museum, library, or other municipal building;

(2) a golf course, tennis court, or other similar recreational facility;

(3) a hotel owned by a municipality or a nonprofit municipally sponsored local government corporation created under Chapter 431, Transportation Code, that is located not more than 1,000 feet from a convention center owned by a municipality with a population of 1,500,000 or more;

(4) a historic hotel owned by a municipality or a nonprofit municipally sponsored local government corporation created under Chapter 431, Transportation Code, that is located not more than one mile from a convention center owned by a municipality with a population of 1,500,000 or more; or

(5) a parking facility at or in the immediate vicinity of a facility described by Subdivisions (1)-(4) for use in connection with that facility for off-street parking or storage of motor vehicles or other conveyances.

(b) An eligible central municipality, as defined by Section 351.001, Tax Code, may establish, acquire, lease as lessee or lessor, construct, improve, enlarge, equip, repair, operate, or maintain a hotel, and any facilities ancillary to the hotel, including shops and parking facilities, that are owned by or located on land owned by the municipality or by a nonprofit corporation acting on behalf of the municipality, and that is located within 1,000 feet of a convention center facility owned by the municipality.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999. Amended by Acts 2001, 77th Leg., ch. 1420, Sec. 8.024(a), eff. Sept. 1, 2001.

Sec. 1504.002. AUTHORITY TO ISSUE REVENUE BONDS. (a) The governing body of a municipality by ordinance may issue revenue bonds to provide all or part of the money to establish, acquire, construct, improve, enlarge, equip, or repair a facility described by Section 1504.001(a).

(b) An eligible central municipality, as defined by Section 351.001, Tax Code, by ordinance may issue bonds or incur other obligations to acquire, lease, construct, or equip a facility described by Section 1504.001(b).

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999. Amended by Acts 2001, 77th Leg., ch. 1420, Sec. 8.024(a), eff. Sept. 1, 2001.

Sec. 1504.003. PLEDGE OF REVENUE. (a) Bonds issued under this subchapter must be secured by a pledge of and be payable from all or a designated part of the revenue from the facility for which the bonds are issued, as provided in the ordinance authorizing the issuance of the bonds.

(b) The pledge securing the bonds is inferior to any previous pledge of the revenue for the payment of revenue bonds or revenue refunding bonds that are outstanding.

(c) A municipality that leases as lessee a facility described by Section 1504.001 may pledge all or part of the revenue from the facility to the lease payments the municipality must make.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.004. LIEN ON FACILITY. Subject to any limitation contained in any previous pledge, the governing body of the municipality may, in addition to pledging the revenue from a facility, give a lien on all or part of the physical property of the facility acquired with the proceeds of bonds issued under this subchapter.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.005. BONDS NOT PAYABLE FROM TAXES; EXCEPTION. (a) The owner or holder of a bond issued under this subchapter is not entitled to demand payment of the principal or interest on the bond from money raised by taxation.

(b) Subsection (a) does not apply to a demand for payment from hotel occupancy taxes that are pledged under Chapter 351, Tax

Code, to the payment of the bond.  
Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.006. CONTENTS OF ORDINANCE AUTHORIZING BONDS. (a) The ordinance authorizing the issuance of bonds under this subchapter may provide for the flow of funds and the establishment and maintenance of an interest and sinking fund, reserve fund, or other fund.

(b) The ordinance may:

(1) prohibit the issuance of additional bonds or other obligations payable from the pledged revenue; or

(2) reserve the right to issue additional bonds to be secured by a pledge of and payable from the revenue on a parity with, or subordinate to, the lien and pledge in support of the bonds being issued, subject to the conditions prescribed by the ordinance.

(c) The ordinance may contain any other provision or covenant, including a covenant with respect to the bonds, the pledged revenue, or the operation or maintenance of the facility the revenue of which is pledged. The ordinance may provide for the operation or lease of all or part of the facility and the use or pledge of money derived from operation contracts and leases.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.007. ADOPTION AND EXECUTION OF DOCUMENTS. The municipality may adopt and have executed any other proceeding or instrument necessary or convenient to the issuance of bonds under this subchapter.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.008. MATURITY. A bond issued under this subchapter must mature not later than 40 years after its date.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.009. SIGNATURES. A bond issued under this subchapter must be signed by the mayor of the municipality and countersigned by the secretary or clerk of the municipality.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.010. SALE OF BONDS. A municipality may sell bonds issued under this subchapter under the terms the governing body of the municipality determines to be the most advantageous and reasonably obtainable.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.011. INVESTMENT OF BOND PROCEEDS AND FUNDS. (a) The bond proceeds, until they are needed to implement the purpose for which the bonds were issued, may be invested in direct obligations of the United States, placed on time deposit, or both.

(b) Money in an interest and sinking fund, reserve fund, or any other fund established or provided for in the bond ordinance may be invested in the manner and in the securities as provided in the bond ordinance.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.012. TERM OF CERTAIN LEASES. In a municipality with a population of one million or more, a lease entered into under Section 1504.001 may have a term not to exceed 60 years if:

(1) the lessee proposes to invest more than \$20 million:

(A) to renovate or redevelop an existing civic center building and facilities that are used in connection with and are located at or in the immediate vicinity of that building; or

(B) to develop a new building or facilities on land administered, operated, or used as a civic center property; and

(2) the governing body of the municipality finds that:

(A) the renovated or redeveloped building and facilities or the new building or facilities will generate additional revenue for the municipality; and

(B) a term that exceeds 30 years is necessary to enable the lessee to recoup its investment or to obtain financing for the project.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Amended by Acts 2003, 78th Leg., ch. 1253, Sec. 1, eff. June 20, 2003.

Sec. 1504.013. CHARGES FOR SERVICES. The governing body of the municipality shall impose and collect charges for the use of a facility the revenue of which is pledged to secure bonds issued under this subchapter, and for services provided in connection with that use, in amounts at least sufficient to comply with each covenant or provision in the ordinance authorizing the issuance of

the bonds.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.014. REFUNDING BONDS. (a) A municipality by ordinance may issue revenue refunding bonds similarly secured to refund either original bonds or revenue refunding bonds previously issued by the municipality under this subchapter.

(b) The refunding bonds shall be executed as provided by this subchapter for original bonds.

(c) The comptroller shall register the refunding bonds on the surrender and cancellation of the bonds to be refunded.

(d) In lieu of issuing bonds to be registered on the surrender and cancellation of the bonds to be refunded, the municipality, in the ordinance authorizing the issuance of the refunding bonds, may provide for the sale of the refunding bonds and the deposit of the proceeds in the place the bonds to be refunded are payable. In that case, the refunding bonds may be issued in an amount sufficient to pay the principal of and interest on the bonds to be refunded to their option or maturity date, and the comptroller shall register the refunding bonds without the surrender and cancellation of the bonds to be refunded.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.015. CONFLICT OR INCONSISTENCY WITH MUNICIPAL CHARTER. To the extent of a conflict or inconsistency between this subchapter and a municipal charter, this subchapter controls.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

SUBCHAPTER C. OBLIGATIONS FOR AUDITORIUMS AND EXHIBITION FACILITIES IN MUNICIPALITIES WITH POPULATION OF MORE THAN 125,000

Sec. 1504.101. APPLICABILITY OF SUBCHAPTER. This subchapter applies only to a municipality with a population of more than 125,000.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.102. AUTHORITY FOR AUDITORIUMS AND EXHIBITION FACILITIES. A municipality may:

(1) construct, purchase, or encumber a municipal auditorium, exhibition hall, coliseum, or other building or structure used for public gatherings;

(2) encumber anything acquired or to be acquired that relates to a building or structure described by Subdivision (1);

(3) purchase additional real property and facilities for a building or structure described by Subdivision (1);

(4) improve, enlarge, extend, or repair a building or structure described by Subdivision (1); or

(5) purchase equipment and appliances necessary in the operation of a building or structure described by Subdivision (1).

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.103. AUTHORITY TO ISSUE BONDS, NOTES, AND WARRANTS. A municipality may issue bonds, notes, or warrants to provide the money to purchase, construct, improve, enlarge, extend, repair, or equip a building or structure described by Section 1504.102.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.104. PLEDGE OF REVENUE. A municipality may pledge the revenue from a building or structure described by Section 1504.102 to the payment of an obligation issued under this subchapter.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.105. OBLIGATIONS NOT PAYABLE FROM TAXES. (a) An obligation issued under this subchapter:

(1) is not a debt of the municipality;

(2) may be a charge only on the revenue pledged for the payment of the obligation; and

(3) may not be included in determining the power of the municipality to issue bonds for any purpose authorized by law.

(b) Each contract, bond, note, or other evidence of indebtedness issued or included under this subchapter must contain the following provision: "The holder of this obligation is not entitled to demand payment of this obligation out of any money raised by taxation."

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.106. ELECTION. (a) Unless authorized by a majority vote of the qualified voters of the municipality, a municipality may not:

(1) encumber a building or structure described by Section 1504.102 for more than \$5,000, except for purchase money or to refund existing debt that was authorized by law; or

(2) sell a building or structure described by Section 1504.102.

(b) The governing body shall hold an election under this section in the manner provided for other bond elections in the municipality.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.107. OPERATING EXPENSES AS FIRST LIEN. (a) If the revenue from a building or structure described by Section 1504.102 is encumbered under this subchapter, each expense of operation and maintenance, including all salaries, labor, materials, interest, repairs and additions necessary to provide efficient service, and each proper item of expense, is a first lien against that revenue.

(b) An expense for a repair or addition is a first lien only if, in the judgment of the governing body of the municipality, the repair or addition is necessary to:

(1) keep the building or structure in operation and provide adequate service to the municipality and its residents; or

(2) respond to a physical accident or condition that would otherwise impair the original security.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.108. CHARGES FOR SERVICES. (a) A municipality shall impose and collect charges for the use of a building or structure described by Section 1504.102 and for services provided in connection with that use in amounts at least sufficient to pay:

(1) all operating, maintenance, depreciation, replacement, improvement, and interest charges in connection with the building or structure;

(2) for an interest and sinking fund sufficient to pay any bonds issued to purchase, construct, or improve the building or structure; and

(3) any outstanding debt against the building or structure.

(b) The rates charged for the use of and for services provided in connection with the use of a building or structure described by Section 1504.102 must be equal and uniform. A municipality may not allow any free use of or free service in connection with the building or structure except for an activity or institution operated by the municipality.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.109. USE OF REVENUE FOR OTHER PURPOSES PROHIBITED. A municipality may not use the revenue from a building or structure described by Section 1504.102 to pay any other debt, expense, or obligation of the municipality until the debt secured by the revenue is fully paid.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.110. RECORDS. The chief executive officer of the municipality shall establish and maintain a complete system of records that:

(1) shows each free use of and free service provided in connection with the use of a building or structure described by Section 1504.102 and the value of the use or service; and

(2) shows separately the amounts spent and the amounts set aside for operation, salaries, labor, materials, repairs, maintenance, depreciation, replacements, additions, interest, and the creation of a sinking fund to pay the bonds and debt.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.111. ANNUAL REPORT. (a) Not later than February 1 of each year, the superintendent or manager of a building or structure described by Section 1504.102 shall file with the chief executive officer of the municipality a detailed report of the operation of the building or structure for the year ending on the preceding January 1.

(b) The report must show the total amount of money collected and the balance due, and the total disbursements made and the amounts remaining unpaid, resulting from the operation of the building or structure during that year.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.112. OFFENSE. (a) A chief executive officer of a municipality commits an offense if the chief executive officer fails to:

(1) establish the system of records required by Section 1504.110 before the 91st day after the date the building or structure is completed; or

(2) maintain the system of records required by Section 1504.110.

(b) A superintendent or manager of a building or structure described by Section 1504.102 commits an offense if the superintendent or manager fails to file a report required by Section 1504.111.

(c) An offense under this section is a misdemeanor punishable by a fine of not less than \$100 or more than \$1,000. Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.113. CIVIL ENFORCEMENT. A person who resides in a municipality and is a taxpayer or holder of an obligation issued under this subchapter and secured by the encumbered income of a building or structure described by Section 1504.102 is entitled to enforce the provisions of this subchapter by appropriate civil action in a district court in the county in which the municipality is located.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

SUBCHAPTER E. OBLIGATIONS FOR EXPOSITION AND CONVENTION HALLS IN MUNICIPALITIES WITH POPULATION OF 290,000 OR MORE

Sec. 1504.201. APPLICABILITY OF SUBCHAPTER. This subchapter applies only to a municipality with a population of 290,000 or more.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.202. AUTHORITY FOR EXPOSITION AND CONVENTION HALLS. A municipality may purchase, construct, encumber, renovate, or repair an exposition or convention hall.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.203. AUTHORITY TO ISSUE BONDS, NOTES, AND WARRANTS. A municipality may issue bonds, notes, or warrants to evidence an obligation incurred to purchase, construct, renovate, or repair an exposition or convention hall.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.204. PLEDGE OF INCOME. A municipality may pledge the income from an exposition or convention hall to the payment of an obligation issued under this subchapter.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.205. OBLIGATIONS NOT PAYABLE FROM TAXES. (a) An obligation issued under this subchapter:

- (1) is not a debt of the municipality;
- (2) may be a charge only on the property of the exposition or convention hall encumbered; and
- (3) may not be included in determining the power of the municipality to issue bonds for any purpose authorized by law.

(b) Each contract, bond, or note issued or executed under this subchapter must contain the following provision: "The holder of this obligation is not entitled to demand payment of this obligation out of any money raised by taxation."

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.206. OPERATING EXPENSES AS FIRST LIEN. If the income from an exposition or convention hall is encumbered under this subchapter, each expense of operation and maintenance, including all salaries, labor, materials, interest, repairs, and additions necessary to properly maintain the exposition or convention hall, and each proper item of expense, is a first lien against that income.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.207. CHARGES FOR SERVICES. (a) A municipality shall impose and collect charges for the use of an encumbered exposition or convention hall in amounts determined by the governing body to be sufficient to pay:

(1) all operating, maintenance, depreciation, replacement, improvement, and interest charges in connection with the hall;

(2) for an interest and sinking fund sufficient to pay any bonds issued to purchase, construct, or improve the hall; and

(3) any outstanding debt against the hall.

(b) A municipality may not allow any free use of or free service in connection with the exposition or convention hall.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.208. USE OF INCOME FOR OTHER PURPOSES PROHIBITED. A municipality may not use the income from the exposition or convention hall to pay any other debt, expense, or obligation of the municipality until the debt secured by the income is fully paid.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.209. MANAGEMENT AND CONTROL. (a) The contract under which an exposition or convention hall is encumbered must

provide that the governing body of the municipality shall manage and control the hall during the time the hall is encumbered.

(b) The governing body may:

(1) adopt rules governing the use and rental of the exposition or convention hall and for the payment of those rents; and

(2) provide penalties for:

(A) the violation of rules adopted under Subdivision (1);

(B) the use of the hall without the consent or knowledge of the authorities in charge of the hall; or

(C) any interference with, trespass on, or injury to the hall or the property on which the hall is located.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.210. TRUSTEE. A contract under which an exposition or convention hall is encumbered may provide for:

(1) the selection of a trustee to sell the hall on a default in the payment of principal or interest or another default under the contract;

(2) the selection of a successor trustee, if the original trustee is disqualified or fails to act; and

(3) the collection by the trustee of a fee of not more than five percent of the principal.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.211. RECEIVER. (a) The trustee may apply to a court for the appointment of a receiver if:

(1) the contract under which the exposition or convention hall is encumbered provides for the appointment of a receiver; and

(2) there is a default in the payment of principal and interest or another default under the contract that continues for at least 30 days.

(b) A receiver appointed under this section may, subject to the order of the court:

(1) enter and take possession of the exposition or convention hall; and

(2) operate and maintain the hall and apply the net revenue to the liquidation of the debt.

(c) The receiver may use or rent any part of the hall for any purpose consistent with the continued use of the major part of the hall as an exposition or convention hall, or, if authorized by the court, rent the hall for any lawful use.

(d) The receiver may rent all or any part of the exposition or convention hall to the municipality, and the municipality may lease the hall from the receiver.

(e) An exposition or convention hall that is operated by a receiver under this section is free from taxation until the debt secured by the hall is fully paid.

(f) All rights of the receiver and of any lessee or other person holding under the receiver end when the debt is paid or the trustee, in the exercise of the trustee's powers, sells the exposition or convention hall. The trustee may agree with a person leasing the hall from the receiver not to sell the hall during the term of the person's lease.

(g) If the principal of all the bonds has not been declared due or if a declaration that the principal of all the bonds is due is annulled under the contract under which the exposition or convention hall is encumbered:

(1) on application to the court, the rights of the receiver may be terminated and the receiver discharged by remedy or waiver of the default; and

(2) the rights of a person leasing the hall from the receiver are subject to adjudication and may be terminated or adjusted by the court.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.212. NOTICE TO GOVERNING BODY BEFORE FORECLOSURE OR OTHER ACTION. (a) Unless written notice is given to the governing body of the municipality in accordance with this section that there is a default in payment of any installment of principal or interest on an obligation issued under this subchapter and that payment has been demanded:

(1) a collection fee may not accrue;

(2) a foreclosure proceeding may not be begun in a court or through a trustee; and

(3) an option to mature any part of the obligation

because of the default may not be exercised.

(b) A notice under Subsection (a) must be sent by prepaid registered mail to each member of the governing body of the municipality, addressed to the member at the post office in the municipality.

(c) An action described by Subsection (a) may not be taken before the 91st day after the date the notice is mailed.

(d) A payment of a delinquent installment of principal and interest that is paid before the expiration of the period prescribed by Subsection (c) and that is accompanied by a payment of interest as prescribed in the contract, at a rate not to exceed 10 percent per year, from the date of default until the date of payment, has the same effect as if paid on the date the installment was originally due.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

SUBCHAPTER F. REVENUE BONDS FOR CULTURAL FACILITIES IN HOME-RULE MUNICIPALITIES WITH POPULATION OF 1.2 MILLION OR MORE

Sec. 1504.251. APPLICABILITY OF SUBCHAPTER. This subchapter applies only to a home-rule municipality with a population of 1.9 million or more.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999. Amended by Acts 2001, 77th Leg., ch. 669, Sec. 28, eff. Sept. 1, 2001.

Sec. 1504.252. AUTHORITY FOR CULTURAL AND PARKING FACILITIES. A municipality may acquire sites for and establish, acquire, lease as lessee or lessor, construct, improve, enlarge, equip, repair, operate, or maintain:

(1) a cultural facility, such as an opera house, ballet or symphony hall, theater, or similar building;

(2) a building combining cultural facilities listed in Subdivision (1); or

(3) a parking facility at or in the immediate vicinity of a cultural facility listed in Subdivision (1) for use in connection with that facility and otherwise for off-street parking or storage of motor vehicles or other conveyances.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.253. AUTHORITY TO ISSUE REVENUE BONDS. The governing body of a municipality by ordinance may issue revenue bonds to provide all or part of the money to accomplish any purpose described by Section 1504.252.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.254. PLEDGE OF REVENUE. (a) Bonds issued under this subchapter must be secured by a pledge of and be payable from all or a designated part of the revenue from the cultural or parking facility for which the bonds are issued, as provided in the ordinance authorizing the issuance of the bonds.

(b) The pledge securing the bonds is inferior to any previous pledge of the revenue for the payment of revenue bonds or refunding bonds that are outstanding.

(c) A municipality that leases as lessee a cultural or parking facility described by Section 1504.252 may pledge all or part of the revenue from the facility to the lease payments the municipality must make.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.255. LIEN ON FACILITY. Subject to any limitation contained in any previous pledge, the governing body of the municipality may, in addition to pledging the revenue from a cultural or parking facility, give a lien on all or part of the physical property and facilities constructed or acquired with the proceeds of bonds issued under this subchapter.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.256. PLEDGE OF MIXED BEVERAGE TAX RECEIPTS. (a) The governing body of a municipality by official action may pledge for the purposes provided by this subchapter a portion of the mixed beverage tax that is remitted to the municipality under Section 183.051, Tax Code.

(b) The total amount of mixed beverage tax receipts pledged under Subsection (a) may not exceed an amount equal to 1-1/2 percent of the gross receipts subject to taxation under Chapter 183, Tax Code, from permittees within the municipality.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.257. SHORTAGE OF MIXED BEVERAGE TAX RECEIPTS. If at the time of a remittance of mixed beverage tax receipts by the comptroller under Section 183.051, Tax Code, the amount collected by the comptroller from permittees in a municipality that has

pledged a portion of its mixed beverage tax receipts under Section 1504.256 is less than the total amount required to be collected from those permittees by Chapter 183, Tax Code, then the amount to be pledged under Section 1504.256 is an amount equal to the total amount actually collected from permittees in the municipality multiplied by a fraction, the numerator of which is the amount of mixed beverage tax receipts pledged under Section 1504.256 for the quarterly period and the denominator of which is the total amount required to be collected from permittees in the municipality during that period.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.258. ADDITIONAL USE OF MIXED BEVERAGE TAX RECEIPTS. A municipality may spend money derived from the portion of the mixed beverage tax receipts authorized to be pledged under Section 1504.256 for:

(1) advertising and promotion of events to take place in a cultural facility described by Section 1504.252;

(2) the attraction of events to a cultural facility described by Section 1504.252, either by the municipality or through a contract with a person or organization selected by the municipality; and

(3) the encouragement, promotion, improvement, and application of the cultural arts, including opera, ballet, symphony, and theater, and the arts related to the presentation, performance, execution, and exhibition of those major art forms.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.259. BONDS NOT PAYABLE FROM TAXES; EXCEPTION. (a) The owner or holder of a bond issued under this subchapter is not entitled to demand payment of the principal of or interest on the bond from money raised by taxation.

(b) Subsection (a) does not apply to a demand for payment from mixed beverage tax receipts that are pledged under Section 1504.256.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.260. CONTENTS OF ORDINANCE AUTHORIZING BONDS. (a) The ordinance authorizing the issuance of bonds under this subchapter may provide for the flow of funds and the establishment and maintenance of an interest and sinking fund, reserve fund, or other fund.

(b) The ordinance may:

(1) prohibit the issuance of additional bonds or other obligations payable from the pledged revenue; or

(2) reserve the right to issue additional bonds to be secured by a pledge of and payable from the revenue on a parity with, or subordinate to, the lien and pledge in support of the bonds being issued, subject to the conditions prescribed by the ordinance.

(c) The ordinance may contain any other provision or covenant, including a covenant with respect to the bonds, the pledged revenue, or the operation or maintenance of the cultural or parking facility the revenue of which is pledged. The ordinance may provide for the operation or lease of all or part of the facility and the use or pledge of money derived from operation contracts and leases.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.261. ADOPTION AND EXECUTION OF DOCUMENTS. The municipality may adopt and have executed any other proceeding or instrument necessary or convenient to the issuance of bonds under this subchapter.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.262. SIGNATURES. A bond issued under this subchapter must be signed by the mayor of the municipality and countersigned by the secretary or clerk of the municipality.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.263. SALE OF BONDS. A municipality may sell bonds issued under this subchapter at public or private sale in the manner and on the terms provided by the ordinance under which the bonds are issued.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.264. INTERIM RECEIPTS. Pending the preparation of a definitive bond, a municipality may provide to the purchaser of a bond sold under this subchapter an interim receipt or certificate in the form and with the provisions specified in the ordinance authorizing the issuance of the bonds.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.



Sec. 1504.265. USE OF BOND PROCEEDS. From the proceeds of bonds issued under this subchapter, a municipality may appropriate or set aside amounts:

(1) to pay interest and administrative and operating expenses expected to accrue during the period of construction;

(2) to be deposited into the reserve fund as provided in the ordinance authorizing the issuance of the bonds; and

(3) to pay all expenses incurred in the issuance, sale, and delivery of the bonds.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.266. CHARGES FOR SERVICES. The governing body of the municipality shall impose and collect charges for the use of a cultural or parking facility the revenue of which is pledged to secure bonds issued under this subchapter, and for services provided in connection with that use, in amounts at least sufficient to comply with each covenant or provision in the ordinance authorizing the issuance of the bonds.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.267. USE OF REVENUE. (a) A municipality shall use revenue derived from that portion of mixed beverage tax receipts authorized to be pledged under Section 1504.256 for the purposes described by Sections 1504.252 and 1504.258, including the pledge of that revenue to the payment of bonds issued for a purpose described by Section 1504.252.

(b) Amounts received by a municipality from that portion of the mixed beverage tax receipts authorized to be pledged under Section 1504.256 and pledged to the payment of bonds as provided by Subsection (a) that exceed the amounts required by the ordinance under which the bonds are issued may be used for any other purpose described by Section 1504.252 or 1504.258. The governing body of the municipality may determine that any remaining amounts are excess money and may use those amounts for any lawful purpose if that use does not violate an ordinance adopted by the governing body in connection with the issued bonds.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.

Sec. 1504.268. CONFLICT OR INCONSISTENCY WITH MUNICIPAL CHARTER. To the extent of a conflict or inconsistency between this subchapter and a municipal charter, this subchapter controls.

Added by Acts 1999, 76th Leg., ch. 227, Sec. 1, eff. Sept. 1, 1999.