

1-1 By: Lucio S.B. No. 2089
 1-2 (In the Senate - Filed March 12, 2021; April 1, 2021, read
 1-3 first time and referred to Committee on Natural Resources &
 1-4 Economic Development; May 10, 2021, reported adversely, with
 1-5 favorable Committee Substitute by the following vote: Yeas 6,
 1-6 Nays 0; May 10, 2021, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10			X	
1-11	X			
1-12			X	
1-13	X			
1-14	X			
1-15			X	
1-16	X			
1-17	X			

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 2089 By: Lucio

1-19 A BILL TO BE ENTITLED
 1-20 AN ACT

1-21 relating to the use of certain tax revenue to acquire, construct,
 1-22 enhance, upgrade, operate, and maintain convention center
 1-23 facilities, multipurpose arenas, venues, and spaceport and
 1-24 spacecraft observation facilities in certain municipalities.

1-25 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-26 SECTION 1. Subchapter B, Chapter 351, Tax Code, is amended
 1-27 by adding Section 351.1016 to read as follows:

1-28 Sec. 351.1016. CERTAIN QUALIFIED PROJECTS IN BORDER
 1-29 MUNICIPALITIES. (a) In this section:

1-30 (1) "Base year amount" means the amount of
 1-31 hotel-associated revenue collected in a project financing zone
 1-32 during the calendar year in which a municipality designates the
 1-33 zone.

1-34 (2) "Hotel-associated revenue" means the sum of:

1-35 (A) state tax revenue collected in a project
 1-36 financing zone from all hotels located in the zone that would be
 1-37 available to the owners of qualified hotel projects under Section
 1-38 151.429(h) if the hotels were qualified hotel projects; and

1-39 (B) tax revenue collected from all permittees
 1-40 under Chapter 183 at hotels located in the zone, excluding revenue
 1-41 disbursed by the comptroller under Section 183.051(b).

1-42 (3) "Incremental hotel-associated revenue" means the
 1-43 amount in any calendar year by which hotel-associated revenue,
 1-44 including hotel-associated revenue from hotels built in the project
 1-45 financing zone after the year in which a municipality designates
 1-46 the zone, exceeds the base year amount.

1-47 (4) "Project financing zone" means an area within a
 1-48 municipality:

1-49 (A) that the municipality by ordinance or by
 1-50 agreement under Chapter 380, Local Government Code, designates as a
 1-51 project financing zone;

1-52 (B) the boundaries of which are within a one-mile
 1-53 radius of the center of a qualified project;

1-54 (C) the designation of which specifies the
 1-55 longitude and latitude of the center of the qualified project;

1-56 (D) the designation of which expires not later
 1-57 than the 15th anniversary of the date of designation; and

1-58 (E) all or part of which is located in an area
 1-59 designated as a qualified opportunity zone under Section 1400Z-1,
 1-60 Internal Revenue Code of 1986.

2-1 (5) "Qualified project" means:

2-2 (A) a venue that is:

2-3 (i) located on land owned by a
2-4 municipality, another governmental entity, or the owner of the
2-5 venue;

2-6 (ii) partially financed by private
2-7 contributions that equal not less than 40 percent of the project
2-8 costs; and

2-9 (iii) related to the promotion of tourism
2-10 and the convention and hotel industry; or

2-11 (B) towers and other facilities used by hotel
2-12 guests and tourists to observe spacecraft and spaceport activities
2-13 and learn about spacecraft and spaceport operations and launches.

2-14 (6) "Spacecraft" and "spaceport" have the meanings
2-15 assigned by Section 507.001, Local Government Code.

2-16 (7) "Venue" has the meaning assigned by Section
2-17 334.001, Local Government Code.

2-18 (b) This section applies only to a qualified project located
2-19 in a municipality that is the county seat of a county bordering the
2-20 Gulf of Mexico and the United Mexican States.

2-21 (c) In addition to the uses provided by Section 351.101,
2-22 revenue from the municipal hotel occupancy tax may be used to fund a
2-23 qualified project.

2-24 (d) A municipality may pledge the revenue derived from the
2-25 tax imposed under this chapter from a hotel located in the project
2-26 financing zone for the payment of bonds or other obligations issued
2-27 or incurred to acquire, lease, construct, improve, enlarge, equip,
2-28 operate, maintain, and repair the qualified project or to acquire
2-29 real property on which the qualified project is located.

2-30 (e) A municipality may pledge for the payment of bonds or
2-31 other obligations described by Subsection (d) the local revenue
2-32 from eligible taxable proceeds as defined by Section 2303.5055(e),
2-33 Government Code, from hotels located in a project financing zone
2-34 that would be available to the owners of qualified hotel projects
2-35 under that section if the hotels were qualified hotel projects.

2-36 (f) A municipality shall notify the comptroller of the
2-37 municipality's designation of a project financing zone not later
2-38 than the 30th day after the date the municipality designates the
2-39 zone. Notwithstanding other law, the municipality is entitled to
2-40 receive the incremental hotel-associated revenue from the project
2-41 financing zone for the period beginning on the first day of the year
2-42 after the year in which the municipality designates the zone and
2-43 ending on the last day of the month during which the designation
2-44 expires. The municipality may pledge the revenue for the payment of
2-45 bonds or other obligations described by Subsection (d).

2-46 (g) The comptroller shall deposit incremental
2-47 hotel-associated revenue collected by or forwarded to the
2-48 comptroller in a separate suspense account to be held in trust for
2-49 the municipality that is entitled to receive the revenue. The
2-50 suspense account is outside the state treasury, and the comptroller
2-51 may make a payment authorized by this section from the account
2-52 without the necessity of an appropriation. The comptroller shall
2-53 begin making payments from the suspense account to the municipality
2-54 for which the money is held on the date the qualified project in the
2-55 project financing zone is commenced. If the qualified project is
2-56 not commenced by the fifth anniversary of the first deposit to the
2-57 account, the comptroller shall transfer the money in the account to
2-58 the general revenue fund and cease making deposits to the account.

2-59 (h) The comptroller may estimate the amount of incremental
2-60 hotel-associated revenue that will be deposited to a suspense
2-61 account under Subsection (g) during each calendar year. The
2-62 comptroller may make deposits to the account and the municipality
2-63 may request disbursements from the account on a monthly basis based
2-64 on the estimate. At the end of each calendar year, the comptroller
2-65 shall adjust the deposits and disbursements to reflect the amount
2-66 of revenue actually deposited to the account during the calendar
2-67 year.

2-68 (i) A municipality shall notify the comptroller if the
2-69 qualified project in the project financing zone is abandoned. If

3-1 the qualified project is abandoned, the comptroller shall transfer
3-2 to the general revenue fund the amount of money in the suspense
3-3 account that exceeds the amount required for the payment of bonds or
3-4 other obligations described by Subsection (d).

3-5 SECTION 2. This Act takes effect September 1, 2021.

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