

By: Menéndez

S.B. No. 627

A BILL TO BE ENTITLED

AN ACT

relating to the entitlement of certain municipalities to certain tax revenue related to a hotel and convention center project.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 351.153(a), Tax Code, is amended to read as follows:

(a) This section applies only to a municipality described by Section 351.152(5), (6), ~~[351.152(6)]~~ or (29).

SECTION 2. Sections 351.157(a), (b), and (c), Tax Code, are amended to read as follows:

(a) In this section, "qualified establishment" means an establishment:

(1) that is located on land:

(A) owned by a municipality; or

(B) owned by:

(i) any person if the establishment is located in a municipality described by Section 351.152(3); ~~[or]~~

(ii) ~~owned by~~ the federal government if the establishment is located in a municipality described by Section 351.152(6); or

(iii) a nonprofit corporation, including a public facility corporation, that is acting as or on behalf of, or that is controlled by, a municipality, if the establishment is located in a municipality described by Section 351.152(5);

1           (2) the nearest exterior wall of which is located not  
2 more than 1,000 feet from the nearest exterior wall of a qualified  
3 hotel or qualified convention center facility;

4           (3) that is constructed:

5                 (A) on or after the date the municipality  
6 commences a qualified project under this subchapter; or

7                 (B) at any time if the establishment is located  
8 in a municipality described by Section 351.152(3);

9           (4) that is not a sports stadium; and

10           (5) that is the type of establishment described by  
11 Subsection (c) from which the municipality is entitled to receive  
12 revenue under Subsection (d).

13           (b) This section applies only to:

14                 (1) a municipality described by Section 351.152(3);

15                 (1-a) a municipality described by Section 351.152(5);

16                 (2) a municipality described by Section 351.152(6);

17                 (3) a municipality described by Section 351.152(7);

18                 (4) a municipality described by Section 351.152(10);

19                 (4-a) a municipality described by Section  
20 351.152(14);

21                 (5) a municipality described by Section 351.152(16);

22                 (6) a municipality described by Section 351.152(22);

23                 (7) a municipality described by Section 351.152(25);

24                 (8) a municipality described by Section 351.152(34);

25                 (9) a municipality described by Section 351.152(35);

26                 (10) a municipality described by Section 351.152(36);

27                 (11) a municipality described by Section 351.152(38);

1 and

2 (12) a municipality described by Section 351.152(43).

3 (c) A municipality is entitled to receive revenue under  
4 Subsection (d) derived from the following types of establishments  
5 that meet the requirements of Subsections (a)(1), (2), (3), and  
6 (4):

7 (1) for a municipality described by Subsection (b)(1):

8 (A) restaurants, bars, and retail  
9 establishments; and

10 (B) swimming pools and swimming facilities owned  
11 or operated by the related qualified hotel;

12 (1-a) for a municipality described by Subsection  
13 (b)(1-a):

14 (A) restaurants, bars, spas, and retail  
15 establishments; and

16 (B) swimming pools and swimming facilities owned  
17 or operated by the related qualified hotel;

18 (2) for a municipality described by Subsection (b)(2),  
19 swimming pools and swimming facilities, restaurants, bars, and  
20 retail establishments;

21 (3) for a municipality described by Subsection (b)(3),  
22 restaurants, bars, and retail establishments;

23 (4) for a municipality described by Subsection (b)(4):

24 (A) restaurants, bars, and retail  
25 establishments; and

26 (B) swimming pools and swimming facilities owned  
27 or operated by the related qualified hotel;

1 (4-a) for a municipality described by Subsection  
2 (b)(4-a):

3 (A) restaurants, bars, and retail  
4 establishments; and

5 (B) swimming pools and swimming facilities owned  
6 or operated by the related qualified hotel;

7 (5) for a municipality described by Subsection (b)(5),  
8 restaurants, bars, and retail establishments;

9 (6) for a municipality described by Subsection (b)(6),  
10 restaurants, bars, and retail establishments;

11 (7) for a municipality described by Subsection (b)(7),  
12 restaurants, bars, and retail establishments;

13 (8) for a municipality described by Subsection (b)(8),  
14 restaurants, bars, and retail establishments;

15 (9) for a municipality described by Subsection (b)(9),  
16 restaurants, bars, and retail establishments;

17 (10) for a municipality described by Subsection  
18 (b)(10):

19 (A) restaurants, bars, and retail  
20 establishments; and

21 (B) swimming pools and swimming facilities owned  
22 or operated by the related qualified hotel;

23 (11) for a municipality described by Subsection  
24 (b)(11):

25 (A) restaurants, bars, and retail  
26 establishments; and

27 (B) swimming pools and swimming facilities owned

1 or operated by the related qualified hotel; and

2 (12) for a municipality described by Subsection  
3 (b)(12):

4 (A) restaurants, bars, and retail  
5 establishments; and

6 (B) swimming pools and swimming facilities owned  
7 or operated by the related qualified hotel.

8 SECTION 3. Subchapter C, Chapter 351, Tax Code, is amended  
9 by adding Section 351.161 to read as follows:

10 Sec. 351.161. RECAPTURE OF LOST STATE TAX REVENUE FROM  
11 CERTAIN MUNICIPALITIES. (a) This section applies only to a  
12 qualified project that is first commenced on or after January 1,  
13 2027, and was authorized before January 1, 2023, by a municipality  
14 with a population of 175,000 or more.

15 (b) On the 20th anniversary of the date a hotel designated  
16 as a qualified hotel by a municipality to which this section applies  
17 is open for initial occupancy, the comptroller shall determine:

18 (1) the total amount of state tax revenue received  
19 under Section 351.156 and, if applicable, under Section 351.157 by  
20 the municipality from the qualified project of which the qualified  
21 hotel was a part during the period for which the municipality was  
22 entitled to receive that revenue; and

23 (2) the total amount of state tax revenue described by  
24 Subdivision (1) received by the state during the period beginning  
25 on the 10th anniversary of the date the qualified hotel opened for  
26 initial occupancy and ending on the 20th anniversary of that date  
27 from the same sources from which the municipality received the

1 revenue described by Subdivision (1).

2 (c) If the amount determined under Subsection (b)(1)  
3 exceeds the amount determined under Subsection (b)(2), the  
4 comptroller shall promptly provide written notice to the  
5 municipality stating that the municipality must remit to the  
6 comptroller the difference between those two amounts in the manner  
7 provided by this subsection. The municipality shall, using money  
8 lawfully available to the municipality for the purpose, remit  
9 monthly payments to the comptroller in an amount equal to the total  
10 amount of municipal hotel occupancy tax revenue received by the  
11 municipality from the qualified hotel in the preceding month until  
12 the amount remitted to the comptroller equals the total amount due  
13 as stated in the notice. The first payment required under this  
14 subsection must be made not later than the 30th day after the date  
15 the municipality receives the notice from the comptroller.  
16 Subsequent payments are due on the 20th day of each month until the  
17 total amount stated in the notice is paid. The comptroller shall  
18 prescribe the procedure a municipality must use to remit a payment  
19 required by this subsection to the comptroller.

20 (d) The comptroller shall deposit revenue received under  
21 this section in the manner prescribed by Section [156.251](#).

22 SECTION 4. This Act takes effect immediately if it receives  
23 a vote of two-thirds of all the members elected to each house, as  
24 provided by Section [39](#), Article III, Texas Constitution. If this  
25 Act does not receive the vote necessary for immediate effect, this  
26 Act takes effect September 1, 2023.