

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 municipality described by Section 351.152(5).

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

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

21 (2) the total amount of state tax revenue described by
22 Sections 351.156 and 351.157 received by the state during the
23 period beginning on the 10th anniversary of the date the qualified
24 hotel opened for initial occupancy and ending on the 20th
25 anniversary of that date from the same sources from which the
26 municipality received revenue under Section 351.156 or 351.157.

27 (c) If the amount determined under Subsection (b)(1)

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

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

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

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 627 passed the Senate on April 20, 2023, by the following vote: Yeas 22, Nays 7; and that the Senate concurred in House amendment on May 25, 2023, by the following vote: Yeas 24, Nays 7.

Secretary of the Senate

I hereby certify that S.B. No. 627 passed the House, with amendment, on May 23, 2023, by the following vote: Yeas 108, Nays 34, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor