

By: LaMantia

S.B. No. 940

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the use of hotel occupancy tax revenue by certain  
3 municipalities and counties and the authority of certain  
4 municipalities to receive certain tax revenue derived from a hotel  
5 and convention center project and to pledge certain tax revenue for  
6 the payment of obligations related to the project.

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

8 SECTION 1. This Act may be cited as the Lucio-Kristofferson  
9 Act.

10 SECTION 2. Section 351.1063, Tax Code, is amended by adding  
11 Subsection (c) to read as follows:

12 (c) Notwithstanding Subsection (b), a municipality  
13 described by Section 351.152(46) that uses revenue derived from the  
14 tax imposed under this chapter or funds received under Section  
15 351.156 or 351.157 for a qualified project under Section 351.155  
16 may not reduce the percentage of revenue from the tax imposed under  
17 this chapter and allocated for a purpose described by Section  
18 351.101(a)(3) to a percentage that is less than the greater of:

19 (1) the average percentage of that revenue allocated  
20 by the municipality for that purpose during the 36-month period  
21 preceding the date the municipality begins using the revenue or  
22 funds for the project; or

23 (2) 10 percent.

24 SECTION 3. Section 351.152, Tax Code, is amended to read as

1 follows:

2           Sec. 351.152. APPLICABILITY. This subchapter applies only  
3 to:

4           (1) a municipality described by Section  
5 351.001(7)(B);

6           (2) a municipality described by Section  
7 351.001(7)(D);

8           (3) a municipality described by Section  
9 351.001(7)(E);

10          (4) a municipality described by Section  
11 351.102(e)(3);

12          (5) a municipality that contains more than 75 percent  
13 of the population of a county with a population of 1.5 million or  
14 more;

15          (6) a municipality with a population of 150,000 or  
16 more but less than 200,000 that is partially located in at least one  
17 county with a population of 125,000 or more;

18          (7) a municipality with a population of 150,000 or  
19 more but less than one million that is located in one county with a  
20 population of 2.3 million or more;

21          (8) a municipality with a population of 180,000 or  
22 more that:

23                 (A) is located in two counties, each with a  
24 population of 100,000 or more; and

25                 (B) contains an American Quarter Horse Hall of  
26 Fame and Museum;

27          (9) a municipality with a population of 96,000 or more

1 that is located in a county that borders Lake Palestine;

2 (10) a municipality with a population of 96,000 or  
3 more that is located in a county that contains the headwaters of the  
4 San Gabriel River;

5 (11) a municipality with a population of 99,900 or  
6 more but less than 111,000 that is located in a county with a  
7 population of 135,000 or more;

8 (12) a municipality with a population of 110,000 or  
9 more but less than 135,000 at least part of which is located in a  
10 county with a population of less than 135,000;

11 (13) a municipality with a population of 9,000 or more  
12 but less than 10,000 that is located in two counties, each of which  
13 has a population of 662,000 or more and a southern border with a  
14 county with a population of 2.3 million or more;

15 (14) a municipality with a population of 200,000 or  
16 more but less than 300,000 that contains a component institution of  
17 the Texas Tech University System;

18 (15) a municipality with a population of 95,000 or  
19 more that:

20 (A) is located in more than one county; and

21 (B) borders Lake Lewisville;

22 (16) a municipality with a population of 45,000 or  
23 more that:

24 (A) contains a portion of Cedar Hill State Park;

25 (B) is located in two counties, one of which has a  
26 population of two million or more and one of which has a population  
27 of 149,000 or more; and

1 (C) has adopted a capital improvement plan for  
2 the construction or expansion of a convention center facility;

3 (17) a municipality with a population of less than  
4 6,000 that:

5 (A) is almost wholly located in a county with a  
6 population of 600,000 or more that is adjacent to a county with a  
7 population of two million or more;

8 (B) is partially located in a county with a  
9 population of 1.8 million or more that is adjacent to a county with  
10 a population of two million or more;

11 (C) has a visitor center and museum located in a  
12 19th-century rock building in the municipality's downtown; and

13 (D) has a waterpark open to the public;

14 (18) a municipality with a population of 56,000 or  
15 more that:

16 (A) borders Lake Ray Hubbard; and

17 (B) is located in two counties, one of which has a  
18 population of less than 80,000;

19 (19) a municipality with a population of 83,000 or  
20 more that:

21 (A) borders Clear Lake; and

22 (B) is primarily located in a county with a  
23 population of less than 300,000;

24 (20) a municipality with a population of less than  
25 2,000 that:

26 (A) is located adjacent to a bay connected to the  
27 Gulf of Mexico;

1 (B) is located in a county with a population of  
2 290,000 or more that is adjacent to a county with a population of  
3 four million or more; and

4 (C) has a boardwalk on the bay;

5 (21) a municipality with a population of 75,000 or  
6 more that:

7 (A) is located wholly in one county with a  
8 population of 575,000 or more that is adjacent to a county with a  
9 population of four million or more; and

10 (B) has adopted a capital improvement plan for  
11 the construction or expansion of a convention center facility;

12 (22) a municipality with a population of less than  
13 75,000 that is located in three counties, at least one of which has  
14 a population of four million or more;

15 (23) an eligible coastal municipality with a  
16 population of 3,000 or more but less than 5,000;

17 (24) a municipality with a population of 90,000 or  
18 more but less than 150,000 that:

19 (A) is located in three counties; and

20 (B) contains a branch campus of a component  
21 institution of the University of Houston System;

22 (25) a municipality that is:

23 (A) primarily located in a county with a  
24 population of four million or more; and

25 (B) connected by a bridge to a municipality  
26 described by Subdivision (20);

27 (26) a municipality with a population of 20,000 or

1 more but less than 25,000 that:

2 (A) contains a portion of Mustang Bayou; and

3 (B) is wholly located in a county with a  
4 population of less than 500,000;

5 (27) a municipality with a population of 70,000 or  
6 more but less than 90,000 that is located in two counties, one of  
7 which has a population of four million or more and the other of  
8 which has a population of less than 50,000;

9 (28) a municipality with a population of 10,000 or  
10 more that:

11 (A) is wholly located in a county with a  
12 population of four million or more; and

13 (B) has a city hall located less than three miles  
14 from a space center operated by an agency of the federal government;

15 (29) a municipality that is the county seat of a  
16 county:

17 (A) through which the Pedernales River flows; and

18 (B) in which the birthplace of a president of the  
19 United States is located;

20 (30) a municipality that contains a portion of U.S.  
21 Highway 79 and State Highway 130;

22 (31) a municipality with a population of 48,000 or  
23 more but less than 95,000 that is located in two counties, one of  
24 which has a population of 900,000 or more but less than 1.7 million;

25 (32) a municipality with a population of less than  
26 25,000 that contains a museum of Western American art;

27 (33) a municipality with a population of 50,000 or

1 more that is the county seat of a county that contains a portion of  
2 the Sam Houston National Forest;

3 (34) a municipality with a population of less than  
4 25,000 that:

5 (A) contains a cultural heritage museum; and

6 (B) is located in a county that borders the  
7 United Mexican States and the Gulf of Mexico;

8 (35) a municipality that is the county seat of a county  
9 that:

10 (A) has a population of 115,000 or more;

11 (B) is adjacent to a county with a population of  
12 1.8 million or more; and

13 (C) hosts an annual peach festival;

14 (36) a municipality that is the county seat of a county  
15 that:

16 (A) has a population of 585,000 or more; and

17 (B) is adjacent to a county with a population of  
18 four million or more;

19 (37) a municipality with a population of less than  
20 10,000 that:

21 (A) contains a component university of The Texas  
22 A&M University System; and

23 (B) is located in a county adjacent to a county  
24 that borders Oklahoma;

25 (38) a municipality with a population of less than  
26 6,100 that:

27 (A) is located in two counties, each of which has

1 a population of 600,000 or more but less than two million; and

2 (B) hosts an annual Cajun Festival;

3 (39) a municipality with a population of 13,000 or  
4 more that:

5 (A) is located on an international border; and

6 (B) is located in a county:

7 (i) with a population of less than 400,000;

8 and

9 (ii) in which at least one World Birding  
10 Center site is located;

11 (40) a municipality with a population of 4,000 or more  
12 that:

13 (A) is located on an international border; and

14 (B) is located not more than five miles from a  
15 state historic site that serves as a visitor center for a state park  
16 that contains 300,000 or more acres of land;

17 (41) a municipality with a population of 36,000 or  
18 more that is adjacent to at least two municipalities described by  
19 Subdivision (15);

20 (42) a municipality with a population of 28,000 or  
21 more in which is located a historic railroad depot and heritage  
22 center;

23 (43) a municipality located in a county that has a  
24 population of not more than 300,000 and in which a component  
25 university of the University of Houston System is located;

26 (44) a municipality with a population of less than  
27 500,000 that is:



1 (A) located in two counties; and  
2 (B) adjacent to a municipality described by  
3 Subdivision (31); ~~and~~

4 (45) a municipality that:

5 (A) has a population of more than 67,000; and

6 (B) is located in two counties with 90 percent of  
7 the municipality's territory located in a county with a population  
8 of at least 580,000, and the remaining territory located in a county  
9 with a population of at least four million; and

10 (46) a municipality that is the county seat of a county  
11 bordering the Gulf of Mexico and the United Mexican States.

12 SECTION 4. Section 351.153(a), Tax Code, is amended to read  
13 as follows:

14 (a) This section applies only to a municipality described by  
15 Section 351.152(6), ~~or~~ (29), or (46).

16 SECTION 5. Section 351.156, Tax Code, is amended to read as  
17 follows:

18 Sec. 351.156. ENTITLEMENT TO CERTAIN TAX REVENUE. (a)  
19 Subject to Sections 351.155(e) and 351.158 and Subsection (b) of  
20 this section, a municipality is entitled to receive the revenue  
21 derived from the following taxes generated, paid, and collected by  
22 a qualified hotel, and each restaurant, bar, and retail  
23 establishment located in or connected to the hotel or the related  
24 qualified convention center facility, that is located in the  
25 municipality:

26 (1) the sales and use tax imposed under Chapter 151;

27 (2) the hotel occupancy tax imposed under Chapter 156;

1 and

2 (3) if a political subdivision that is entitled to  
3 receive the revenue from the tax agrees in writing to the  
4 municipality receiving that revenue:

5 (A) the sales and use tax imposed by the  
6 political subdivision under Chapter 322 or 323;

7 (B) the hotel occupancy tax imposed by the  
8 political subdivision under Chapter 352; and

9 (C) the mixed beverage tax issued under Section  
10 183.051.

11 (b) A municipality described by Section 351.152(46) is  
12 entitled to receive 75 percent of the revenue described by  
13 Subsection (a).

14 SECTION 6. Section 351.157, Tax Code, is amended by  
15 amending Subsections (a), (b), (c), and (d) and adding Subsection  
16 (d-1) to read as follows:

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

19 (1) that is located on land:

20 (A) owned by a municipality; ~~or~~

21 (B) owned by any person if the establishment is  
22 located in a municipality described by Section 351.152(3);

23 (C) ~~or~~ owned by the federal government if the  
24 establishment is located in a municipality described by Section  
25 351.152(6); or

26 (D) owned by a county or by the federal  
27 government if the establishment is located in a municipality

1 described by Section 351.152(46);

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

5 (3) that is constructed:

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

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

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

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

14 (b) This section applies only to:

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

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 and

4 (13) a municipality described by Section [351.152\(46\)](#).

5 (c) A municipality is entitled to receive revenue under  
6 Subsection (d) derived from the following types of establishments  
7 that meet the requirements of Subsections (a)(1), (2), (3), and  
8 (4):

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

10 (A) restaurants, bars, and retail  
11 establishments; and

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

14 (2) for a municipality described by Subsection (b)(2),  
15 swimming pools and swimming facilities, restaurants, bars, and  
16 retail establishments;

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

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

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

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

24 (4-a) for a municipality described by Subsection  
25 (b)(4-a):

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

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

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

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

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

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

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

13 (10) for a municipality described by Subsection  
14 (b)(10):

15 (A) restaurants, bars, and retail  
16 establishments; and

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

19 (11) for a municipality described by Subsection  
20 (b)(11):

21 (A) restaurants, bars, and retail  
22 establishments; and

23 (B) swimming pools and swimming facilities owned  
24 or operated by the related qualified hotel; ~~and~~

25 (12) for a municipality described by Subsection  
26 (b)(12):

27 (A) restaurants, bars, and retail

1 establishments; and

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

4 (13) for a municipality described by Subsection  
5 (b)(13):

6 (A) restaurants, bars, music venues, museums,  
7 and retail establishments; and

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

10 (d) Subject to Subsections (d-1) and ~~[Subsection]~~ (e), in  
11 addition to the revenue to which the municipality is entitled under  
12 Section 351.156, a municipality to which this section applies is  
13 entitled to receive the revenue derived from the following taxes  
14 generated, paid, and collected from a qualified establishment  
15 located in the municipality:

16 (1) the sales and use tax imposed under Chapter 151;  
17 and

18 (2) the mixed beverage tax issued under Section  
19 183.051, if the political subdivision that is entitled to receive  
20 the revenue from the tax agrees in writing to the municipality  
21 receiving that revenue.

22 (d-1) A municipality described by Subsection (b)(13) is  
23 entitled to receive 75 percent of the additional revenue described  
24 by Subsection (d).

25 SECTION 7. Section 351.158, Tax Code, is amended to read as  
26 follows:

27 Sec. 351.158. PERIOD OF ENTITLEMENT. (a) A municipality is

1 entitled to receive revenue as provided by Sections 351.156 and  
2 351.157 until the 10th anniversary of the date the qualified hotel  
3 to which the entitlement relates is open for initial occupancy.

4 (b) Notwithstanding Subsection (a), a municipality  
5 described by Section 351.152(46) is entitled to receive revenue as  
6 provided by Sections 351.156 and 351.157 until the 20th anniversary  
7 of the date the qualified hotel to which the entitlement relates is  
8 open for initial occupancy.

9 SECTION 8. Subchapter B, Chapter 352, Tax Code, is amended  
10 by adding Section 352.1065 to read as follows:

11 Sec. 352.1065. USE OF REVENUE: CERTAIN COUNTIES BORDERING  
12 MEXICO AND GULF OF MEXICO. (a) This section applies only to a  
13 county that:

14 (1) is authorized by Section 352.002(a)(11) to impose  
15 a tax under this chapter; and

16 (2) borders the Gulf of Mexico and the United Mexican  
17 States.

18 (b) In addition to the purposes authorized by this chapter  
19 and for the public purpose of encouraging the economic development  
20 of this state, a county to which this section applies may enter into  
21 an agreement with a municipality that is the county seat of the  
22 county to pledge not more than 75 percent of the revenue derived  
23 from the tax imposed by the county under this chapter and collected  
24 by hotels located in the municipality for the payment of bonds or  
25 other obligations, including contractual obligations, for which  
26 the municipality has pledged or committed revenue under Section  
27 351.155.

1        (c) A county that uses revenue in the manner described by  
2 Subsection (b) must use at least 10 percent of the revenue derived  
3 from the tax authorized under this chapter for the purposes stated  
4 in Section [351.101\(a\)\(3\)](#).

5        SECTION 9. This Act takes effect immediately if it receives  
6 a vote of two-thirds of all the members elected to each house, as  
7 provided by Section [39](#), Article III, Texas Constitution. If this  
8 Act does not receive the vote necessary for immediate effect, this  
9 Act takes effect September 1, 2023.