

By: Geren

H.B. No. 1603

A BILL TO BE ENTITLED

AN ACT

relating to the use of certain tax revenue to enhance and upgrade convention center facilities, multipurpose arenas, multiuse facilities, and related infrastructure in certain municipalities.

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

SECTION 1. Subchapter B, Chapter 351, Tax Code, is amended by adding Section 351.1015 to read as follows:

Sec. 351.1015. CERTAIN QUALIFIED PROJECTS. (a) In this section:

(1) "Project financing zone" means an area within a municipality:

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

(B) the boundaries of which are within three miles of a qualified project; and

(C) the designation of which expires not later than the 30th anniversary of the date of designation.

(2) "Qualified project" means the construction, improvement, enlargement, and equipment of a convention center facility, a multipurpose arena, a multiuse facility, and any related infrastructure that is:

(A) located in a project financing zone on land owned by a municipality or by the owner of a venue, as defined by

1 Section 334.001, Local Government Code;

2 (B) partially financed by private contributions  
3 that equal not less than 40 percent of the project costs; and

4 (C) related to the promotion of tourism and the  
5 convention and hotel industry.

6 (3) "Tax base" means the amount of funds available  
7 under Subsection (e) from all hotels within the project financing  
8 zone in the calendar year that the municipality designates the  
9 zone, excluding funds received by the municipality for a hotel  
10 project described by Section 351.102(b) existing on the date the  
11 zone is designated.

12 (b) This section applies only to a qualified project located  
13 in a municipality with a population of at least 650,000 but less  
14 than 800,000.

15 (c) In addition to the uses provided by Section 351.101,  
16 revenue from the municipal hotel occupancy tax may be used to fund a  
17 qualified project.

18 (d) A municipality may pledge the revenue derived from the  
19 tax imposed under this chapter from a hotel located in the project  
20 financing zone for the payment of bonds or other obligations issued  
21 or incurred to acquire, lease, construct, and equip the qualified  
22 project.

23 (e) Notwithstanding other law, a municipality is entitled  
24 to receive funds from hotels located in a project financing zone  
25 that an owner of a qualified hotel project may receive under Section  
26 151.429(h) of this code, or Section 2303.5055, Government Code, and  
27 may pledge the funds for the payment of bonds or other obligations

1 described by Subsection (d). The amount the municipality is  
2 entitled to receive under this subsection may not exceed the  
3 difference between the tax base and the total amount the owners of  
4 all included hotels may receive under those provisions. The funds  
5 are not subject to the limitations provided by Section 151.429(h)  
6 of this code or the provisions of Section 2303.5055, Government  
7 Code, but shall be deposited and distributed as provided by those  
8 sections.

9 (f) The funds received under Subsection (e) must be held in  
10 trust by the comptroller in a separate suspense account for not more  
11 than five years after the date of the first deposit following the  
12 date the project financing zone is designated. When a qualified  
13 project is commenced, the comptroller shall release the funds to  
14 the municipality for which they were held in trust.

15 SECTION 2. Section 351.1065(a), Tax Code, is amended to  
16 read as follows:

17 (a) An eligible central municipality shall use the amount of  
18 revenue from the tax that is derived from the application of the tax  
19 at a rate of more than seven percent of the cost of a room only for:

20 (1) the construction of an expansion of an existing  
21 convention center facility; ~~and~~

22 (2) a qualified project to which Section 351.1015  
23 applies; and

24 (3) pledging payment of revenue bonds and revenue  
25 refunding bonds issued under Subchapter A, Chapter 1504, Government  
26 Code, for the construction or qualified project ~~[of the expansion].~~

27 SECTION 3. This Act takes effect September 1, 2013.