

AN ACT

relating to the use of certain tax revenue to enhance and upgrade convention center facilities, multipurpose arenas, venues, 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) "Base year amount" means the amount of hotel-associated revenue collected in a project financing zone during the calendar year in which a municipality designates the zone.

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

(A) state tax revenue collected in a project financing zone from all hotels located in the zone that would be available to the owners of qualified hotel projects under Section 151.429(h) if the hotels were qualified hotel projects, excluding the amount of that revenue received by a municipality under Section 351.102(c) for a hotel project described by Section 351.102(b) and located in the zone that exists on the date the municipality designates the zone; and

(B) tax revenue collected from all permittees under Chapter 183 at hotels located in the zone, excluding revenue

1 disbursed by the comptroller under Section 183.051(b).

2 (3) "Incremental hotel-associated revenue" means the  
3 amount in any calendar year by which hotel-associated revenue,  
4 including hotel-associated revenue from hotels built in the project  
5 financing zone after the year in which a municipality designates  
6 the zone, exceeds the base year amount.

7 (4) "Project financing zone" means an area within a  
8 municipality:

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

12 (B) the boundaries of which are within a  
13 three-mile radius of the center of a qualified project;

14 (C) the designation of which specifies the  
15 longitude and latitude of the center of the qualified project; and

16 (D) the designation of which expires not later  
17 than the 30th anniversary of the date of designation.

18 (5) "Qualified project" means:

19 (A) a convention center facility; or

20 (B) a multipurpose arena or venue that includes a  
21 livestock facility and is located within or adjacent to a  
22 recognized cultural district, and any related infrastructure, that  
23 is:

24 (i) located on land owned by a municipality  
25 or by the owner of the venue;

26 (ii) partially financed by private  
27 contributions that equal not less than 40 percent of the project

1 costs; and

2 (iii) related to the promotion of tourism  
3 and the convention and hotel industry.

4 (6) "Venue" and "related infrastructure" have the  
5 meanings assigned by Section 334.001, Local Government Code.

6 (b) This section applies only to a qualified project located  
7 in a municipality with a population of at least 650,000 but less  
8 than 750,000 according to the most recent federal decennial census.

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

12 (d) A municipality may pledge the revenue derived from the  
13 tax imposed under this chapter from a hotel located in the project  
14 financing zone for the payment of bonds or other obligations issued  
15 or incurred to acquire, lease, construct, improve, enlarge, and  
16 equip the qualified project.

17 (e) A municipality may pledge for the payment of bonds or  
18 other obligations described by Subsection (d) the local revenue  
19 from eligible tax proceeds as defined by Section 2303.5055(e),  
20 Government Code, from hotels located in a project financing zone  
21 that would be available to the owners of qualified hotel projects  
22 under that section if the hotels were qualified hotel projects,  
23 excluding any amount received by the municipality for a hotel  
24 project described by Section 351.102(b) and located in the zone  
25 that exists on the date the municipality designates the zone.

26 (f) A municipality shall notify the comptroller of the  
27 municipality's designation of a project financing zone not later

1 than the 30th day after the date the municipality designates the  
2 zone. Notwithstanding other law, the municipality is entitled to  
3 receive the incremental hotel-associated revenue from the project  
4 financing zone for the period beginning on the first day of the year  
5 after the year in which the municipality designates the zone and  
6 ending on the last day of the month during which the designation  
7 expires. The municipality may pledge the revenue for the payment of  
8 bonds or other obligations described by Subsection (d).

9 (g) The comptroller shall deposit incremental  
10 hotel-associated revenue collected by or forwarded to the  
11 comptroller in a separate suspense account to be held in trust for  
12 the municipality that is entitled to receive the revenue. The  
13 suspense account is outside the state treasury, and the comptroller  
14 may make a payment authorized by this section from the account  
15 without the necessity of an appropriation. The comptroller shall  
16 begin making payments from the suspense account to the municipality  
17 for which the money is held on the date the qualified project in the  
18 project financing zone is commenced. If the qualified project is  
19 not commenced by the fifth anniversary of the first deposit to the  
20 account, the comptroller shall transfer the money in the account to  
21 the general revenue fund and cease making deposits to the account.

22 (h) The comptroller may estimate the amount of incremental  
23 hotel-associated revenue that will be deposited to a suspense  
24 account under Subsection (g) during each calendar year. The  
25 comptroller may make deposits to the account and the municipality  
26 may request disbursements from the account on a monthly basis based  
27 on the estimate. At the end of each calendar year, the comptroller

1 shall adjust the deposits and disbursements to reflect the amount  
2 of revenue actually deposited to the account during the calendar  
3 year.

4 (i) A municipality shall notify the comptroller if the  
5 qualified project in the project financing zone is abandoned. If  
6 the qualified project is abandoned, the comptroller shall transfer  
7 to the general revenue fund the amount of money in the suspense  
8 account that exceeds the amount required for the payment of bonds or  
9 other obligations described by Subsection (d).

10 SECTION 2. Subsection (a), Section 351.1065, Tax Code, is  
11 amended to read as follows:

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

15 (1) the construction of an expansion of an existing  
16 convention center facility; ~~and~~

17 (2) a qualified project to which Section 351.1015  
18 applies; and

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

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

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President of the Senate

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Speaker of the House

I hereby certify that S.B. No. 748 passed the Senate on April 4, 2013, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendment on May 9, 2013, by the following vote: Yeas 26, Nays 4.

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Secretary of the Senate

I hereby certify that S.B. No. 748 passed the House, with amendment, on May 2, 2013, by the following vote: Yeas 147, Nays 0, two present not voting.

\_\_\_\_\_  
Chief Clerk of the House

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Governor