

AN ACT

relating to certain convention center hotel projects.

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

SECTION 1. Sections 351.001(2) and (7), Tax Code, are amended to read as follows:

(2) "Convention center facilities" or "convention center complex" means facilities that are primarily used to host conventions and meetings. The term means civic centers, civic center buildings, auditoriums, exhibition halls, and coliseums that are owned by the municipality or other governmental entity or that are managed in whole or part by the municipality. In a municipality with a population of 1.5 million or more, "convention center facilities" or "convention center complex" means civic centers, civic center buildings, auditoriums, exhibition halls, and coliseums that are owned by the municipality or other governmental entity or that are managed in part by the municipality, hotels owned by the municipality or a nonprofit municipally sponsored local government corporation created under Chapter 431, Transportation Code, within 1,000 feet of a convention center owned by the municipality, or a historic hotel owned by the municipality or a nonprofit municipally sponsored local government corporation created under Chapter 431, Transportation Code, within one mile of a convention center owned by the municipality. The term includes parking areas or facilities that are for the parking or

1 storage of conveyances and that are located at or in the vicinity of
2 other convention center facilities. The term also includes a hotel
3 owned by or located on land that is owned by an eligible central
4 municipality or by a nonprofit corporation acting on behalf of an
5 eligible central municipality and that is located within 1,000 feet
6 of a convention center facility owned by the municipality. The term
7 also includes a hotel that is owned in part by an eligible central
8 municipality described by Subdivision (7)(D) and that is located
9 within 1,000 feet of a convention center facility. [~~The term also~~
10 ~~includes a hotel proposed to be constructed, remodeled, or~~
11 ~~rehabilitated by a municipality or a nonprofit municipally~~
12 ~~sponsored local government corporation created under Chapter 431,~~
13 ~~Transportation Code, that is within 3,000 feet of the property line~~
14 ~~of a convention center owned by a municipality having a population~~
15 ~~of more than 500,000 and that borders the United Mexican States.~~]

16 (7) "Eligible central municipality" means:

17 (A) a municipality with a population of more than
18 140,000 but less than 1.5 million that is located in a county with a
19 population of one million or more and that has adopted a capital
20 improvement plan for the construction or expansion of a a [~~an~~
21 ~~existing~~] convention center facility; [~~or~~]

22 (B) a municipality with a population of 250,000
23 or more that:

24 (i) is located wholly or partly on a barrier
25 island that borders the Gulf of Mexico;

26 (ii) is located in a county with a
27 population of 300,000 or more; and

1 (iii) has adopted a capital improvement
2 plan to expand an existing convention center facility;

3 (C) a municipality with a population of 116,000
4 or more that:

5 (i) is located in two counties both of which
6 have a population of 660,000 or more; and

7 (ii) has adopted a capital improvement plan
8 for the construction or expansion of a convention center facility;

9 (D) a municipality with a population of less than
10 50,000 that contains a general academic teaching institution that
11 is not a component institution of a university system, as those
12 terms are defined by Section 61.003, Education Code; or

13 (E) a municipality with a population of 640,000
14 or more that:

15 (i) is located on an international border;
16 and

17 (ii) has adopted a capital improvement plan
18 for the construction or expansion of a convention center facility.

19 SECTION 2. Section 351.102, Tax Code, is amended by
20 amending Subsections (a) and (b) and adding Subsection (d) to read
21 as follows:

22 (a) Subject to the limitations provided by this subchapter,
23 a municipality may pledge the revenue derived from the tax imposed
24 under this chapter for the payment of bonds that are issued under
25 Section 1504.002(a), Government Code, for one or more of the
26 purposes provided by Section 351.101 or, in the case of a
27 municipality of 1,500,000 or more [~~or a municipality having a~~

1 ~~population of more than 500,000 and that borders the United Mexican~~
2 ~~States]~~, for the payment of principal of or interest on bonds or
3 other obligations of a municipally sponsored local government
4 corporation created under Chapter 431, Transportation Code, that
5 were issued to pay the cost of the acquisition and construction of a
6 convention center hotel or the cost of acquisition, remodeling, or
7 rehabilitation of a historic hotel structure; provided, however,
8 such pledge may only be that portion of the tax collected at such
9 hotel.

10 (b) An eligible central municipality, ~~[or]~~ a municipality
11 with a population of 173,000 or more that is located within two or
12 more counties, a municipality with a population of 96,000 or more
13 that is located in a county that borders Lake Palestine or contains
14 the headwaters of the San Gabriel River, or a municipality with a
15 population of at least 99,900 but not more than 111,000 that is
16 located in a county with a population of at least 135,000 may pledge
17 the revenue derived from the tax imposed under this chapter from a
18 hotel project that is owned by or located on land owned by the
19 municipality or, in an eligible central municipality, by a
20 nonprofit corporation acting on behalf of an eligible central
21 municipality, and that is located within 1,000 feet of a convention
22 center facility owned by the municipality for the payment of bonds
23 or other obligations issued or incurred to acquire, lease,
24 construct, and equip the hotel and any facilities ancillary to the
25 hotel, including convention center entertainment-related
26 facilities, meeting spaces, restaurants, shops, street and water
27 and sewer infrastructure necessary for the operation of the hotel

1 or ancillary facilities, and parking facilities within 1,000 feet
2 of the hotel or convention center facility. For bonds or other
3 obligations issued under this subsection, an eligible central
4 municipality or a municipality described by this subsection [~~with a~~
5 ~~population of 173,000 or more that is located within two counties~~]
6 may only pledge revenue or other assets of the hotel project
7 benefiting from those bonds or other obligations.

8 (d) Except as provided by this subsection, an eligible
9 central municipality or another municipality described by
10 Subsection (b) that uses revenue derived from the tax imposed under
11 this chapter or funds received under Subsection (c) for a hotel
12 project described by Subsection (b) may not reduce the percentage
13 of revenue from the tax imposed under this chapter and allocated for
14 a purpose described by Section 351.101(a)(3) to a percentage that
15 is less than the average percentage of that revenue allocated by the
16 municipality for that purpose during the 36-month period preceding
17 the date the municipality begins using the revenue or funds for the
18 hotel project. This subsection does not apply to an eligible
19 central municipality described by Section 351.001(7)(D).

20 SECTION 3. Section 151.429(h), Tax Code, is amended to read
21 as follows:

22 (h) [~~This subsection does not apply to a qualified hotel~~
23 ~~project described by Section 2303.003(8)(B), Government Code.~~]

24 Notwithstanding the other provisions of this section, the owner of
25 a qualified hotel project shall receive a rebate, refund, or
26 payment of 100 percent of the sales and use taxes paid or collected
27 by the qualified hotel project or businesses located in the

1 qualified hotel project pursuant to this chapter and 100 percent of
2 the hotel occupancy taxes paid by persons for the use or possession
3 of or for the right to the use or possession of a room or space at
4 the qualified hotel project pursuant to the provisions of Chapter
5 156 during the first 10 years after such qualified hotel project is
6 open for initial occupancy. The comptroller shall deposit the
7 taxes in trust in a separate suspense account of the qualified hotel
8 project. A suspense account is outside the state treasury, and the
9 comptroller may make a rebate, refund, or payment authorized by
10 this section without the necessity of an appropriation. The
11 comptroller shall rebate, refund, or pay to each qualified hotel
12 project eligible taxable proceeds to which the project is entitled
13 under this section at least monthly.

14 SECTION 4. Section 2303.003(8), Government Code, is amended
15 to read as follows:

16 (8) "Qualified hotel project" means[+
17 [~~(A)~~] a hotel proposed to be constructed by a
18 municipality or a nonprofit municipally sponsored local government
19 corporation created under the Texas Transportation Corporation
20 Act, Chapter 431, Transportation Code, that is within 1,000 feet of
21 a convention center owned by a municipality having a population of
22 1,500,000 or more, including shops, parking facilities, and any
23 other facilities ancillary to the hotel[~~, and~~

24 [~~(B) a hotel proposed to be constructed,~~
25 ~~remodeled, or rehabilitated by a municipality or a nonprofit~~
26 ~~municipally sponsored local government corporation created under~~
27 ~~the Texas Transportation Corporation Act, Chapter 431,~~

1 ~~Transportation Code, that is within 3,000 feet of the property line~~
2 ~~of a convention center owned by a municipality having a population~~
3 ~~of more than 500,000 and that borders the United Mexican States].~~

4 SECTION 5. Section 2303.5055(b), Government Code, is
5 amended to read as follows:

6 (b) A municipality with a population of 1,500,000 or more
7 ~~[or a municipality having a population of more than 500,000 and that~~
8 ~~borders the United Mexican States]~~ may agree to guarantee from
9 hotel occupancy taxes the bonds or other obligations of a
10 municipally sponsored local government corporation created under
11 the Texas Transportation Corporation Act, Chapter 431,
12 Transportation Code, that were issued or incurred to pay the cost of
13 construction, remodeling, or rehabilitation of a qualified hotel
14 project.

15 SECTION 6. This Act takes effect immediately if it receives
16 a vote of two-thirds of all the members elected to each house, as
17 provided by Section 39, Article III, Texas Constitution. If this
18 Act does not receive the vote necessary for immediate effect, this
19 Act takes effect September 1, 2015.

President of the Senate

Speaker of the House

I certify that H.B. No. 1964 was passed by the House on April 23, 2015, by the following vote: Yeas 137, Nays 2, 2 present, not voting; and that the House concurred in Senate amendments to H.B. No. 1964 on May 18, 2015, by the following vote: Yeas 117, Nays 14, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 1964 was passed by the Senate, with amendments, on May 15, 2015, by the following vote: Yeas 29, Nays 2.

Secretary of the Senate

APPROVED: _____

Date

Governor