

House Bill 1964
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

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 storage of conveyances and that are located at or in the vicinity of other convention center facilities. The term also includes a hotel owned by or located on land that is owned by an eligible central municipality or by a nonprofit corporation acting on behalf of an eligible central municipality and that is located within 1,000 feet of a convention center facility owned by the municipality. The term also includes a hotel that is owned in part by an eligible central municipality described by Subdivision (7)(C) and that is located within 1,000 feet of a

SENATE VERSION (CS)

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CONFERENCE

House Bill 1964
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

convention center facility. The term also includes a hotel proposed to be constructed, remodeled, or rehabilitated by a municipality or a nonprofit municipally sponsored local government corporation created under Chapter 431, Transportation Code, that is within 3,000 feet of the property line of a convention center owned by a municipality having a population of more than 500,000 and that borders the United Mexican States.

(7) "Eligible central municipality" means:

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

(B) a municipality with a population of 250,000 or more that:
(i) is located wholly or partly on a barrier island that borders the Gulf of Mexico;

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

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

(C) a municipality with a population of less than 50,000 that contains a general academic teaching institution that is not a component institution of a university system, as those terms are defined by Section 61.003, Education Code.

SENATE VERSION (CS)

convention center facility. ~~[The term also includes a hotel proposed to be constructed, remodeled, or rehabilitated by a municipality or a nonprofit municipally sponsored local government corporation created under Chapter 431, Transportation Code, that is within 3,000 feet of the property line of a convention center owned by a municipality having a population of more than 500,000 and that borders the United Mexican States.]~~

(7) "Eligible central municipality" means:

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

(B) a municipality with a population of 250,000 or more that:
(i) is located wholly or partly on a barrier island that borders the Gulf of Mexico;

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

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

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

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

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

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

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

(i) is located on an international border; and

CONFERENCE

House Bill 1964
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (CS)

CONFERENCE

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

No equivalent provision.

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

(a) Subject to the limitations provided by this subchapter, a municipality may pledge the revenue derived from the tax imposed under this chapter for the payment of bonds that are issued under Section 1504.002(a), Government Code, for one or more of the purposes provided by Section 351.101 or, in the case of a municipality of 1,500,000 or more [~~or a municipality having a population of more than 500,000 and that borders the United Mexican States~~], for the payment of principal of or interest on bonds or other obligations of a municipally sponsored local government corporation created under Chapter 431, Transportation Code, that were issued to pay the cost of the acquisition and construction of a convention center hotel or the cost of acquisition, remodeling, or rehabilitation of a historic hotel structure; provided, however, such pledge may only be that portion of the tax collected at such hotel.

(b) An eligible central municipality, [~~or~~] a municipality with a population of 173,000 or more that is located within two or more counties, a municipality with a population of 96,000 or more that is located in a county that borders Lake Palestine or contains the headwaters of the San Gabriel River, or a municipality with a population of at least 99,900 but not more than 111,000 that is located in a county with a population of at least 135,000 may pledge the revenue derived from the tax imposed under this chapter from a hotel project that is owned

House Bill 1964
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (CS)

CONFERENCE

by or located on land owned by the municipality or, in an eligible central municipality, by a nonprofit corporation acting on behalf of an eligible central municipality, and that is located within 1,000 feet of a convention center facility owned by the municipality for the payment of bonds or other obligations issued or incurred to acquire, lease, construct, and equip the hotel and any facilities ancillary to the hotel, including convention center entertainment-related facilities, meeting spaces, restaurants, shops, street and water and sewer infrastructure necessary for the operation of the hotel or ancillary facilities, and parking facilities within 1,000 feet of the hotel or convention center facility. For bonds or other obligations issued under this subsection, an eligible central municipality or a municipality described by this subsection [~~with a population of 173,000 or more that is located within two counties~~] may only pledge revenue or other assets of the hotel project benefiting from those bonds or other obligations.

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

House Bill 1964
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

No equivalent provision.

SENATE VERSION (CS)

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

(h) ~~[This subsection does not apply to a qualified hotel project described by Section 2303.003(8)(B), Government Code.]~~ Notwithstanding the other provisions of this section, the owner of a qualified hotel project shall receive a rebate, refund, or payment of 100 percent of the sales and use taxes paid or collected by the qualified hotel project or businesses located in the qualified hotel project pursuant to this chapter and 100 percent of the hotel occupancy taxes paid by persons for the use or possession of or for the right to the use or possession of a room or space at the qualified hotel project pursuant to the provisions of Chapter 156 during the first 10 years after such qualified hotel project is open for initial occupancy. The comptroller shall deposit the taxes in trust in a separate suspense account of the qualified hotel project. A suspense account is outside the state treasury, and the comptroller may make a rebate, refund, or payment authorized by this section without the necessity of an appropriation. The comptroller shall rebate, refund, or pay to each qualified hotel project eligible taxable proceeds to which the project is entitled under this section at least monthly.

CONFERENCE

No equivalent provision.

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

(8) "Qualified hotel project" means[= ~~(A)~~] a hotel proposed to be constructed by a municipality or a nonprofit municipally sponsored local government corporation created under the Texas Transportation Corporation Act, Chapter 431, Transportation Code, that is within 1,000 feet of a convention center owned by a

House Bill 1964
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (CS)

CONFERENCE

municipality having a population of 1,500,000 or more, including shops, parking facilities, and any other facilities ancillary to the hotel[; and

~~[(B) a hotel proposed to be constructed, remodeled, or rehabilitated by a municipality or a nonprofit municipally sponsored local government corporation created under the Texas Transportation Corporation Act, Chapter 431, Transportation Code, that is within 3,000 feet of the property line of a convention center owned by a municipality having a population of more than 500,000 and that borders the United Mexican States].~~

No equivalent provision.

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

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

SECTION 2. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2015.

SECTION 6. Same as House version.