

1-1 By: Bohac (Senate Sponsor - Taylor of Galveston) H.B. No. 1896  
 1-2 (In the Senate - Received from the House April 24, 2017;  
 1-3 May 1, 2017, read first time and referred to Committee on Natural  
 1-4 Resources & Economic Development; May 9, 2017, reported favorably  
 1-5 by the following vote: Yeas 11, Nays 0; May 9, 2017, sent to  
 1-6 printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			
1-18	X			
1-19	X			

1-20 A BILL TO BE ENTITLED  
 1-21 AN ACT

1-22 relating to the application of and use of revenue from hotel  
 1-23 occupancy taxes imposed by municipalities and counties.

1-24 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-25 SECTION 1. Section 334.001(4), Local Government Code, is  
 1-26 amended to read as follows:

1-27 (4) "Venue" means:

1-28 (A) an arena, coliseum, stadium, or other type of  
 1-29 area or facility:

1-30 (i) that is used or is planned for use for  
 1-31 one or more professional or amateur sports events, community  
 1-32 events, or other sports events, including rodeos, livestock shows,  
 1-33 agricultural expositions, promotional events, and other civic or  
 1-34 charitable events, provided that a facility financed wholly or  
 1-35 partly with revenue from a tax imposed under Subchapter H is not, or  
 1-36 will not be, primarily used for community, civic, and charitable  
 1-37 events that are attended only by residents of the community; and

1-38 (ii) for which a fee for admission to the  
 1-39 events is charged or is planned to be charged;

1-40 (B) a convention center, a convention center  
 1-41 facility as defined by Section 351.001(2) or 352.001(2), Tax Code,  
 1-42 or a related improvement such as a civic center hotel, theater,  
 1-43 opera house, music hall, rehearsal hall, park, zoological park,  
 1-44 museum, aquarium, or plaza located in the vicinity of a convention  
 1-45 center or facility owned by a municipality or a county, provided  
 1-46 that a related improvement for a facility financed wholly or partly  
 1-47 with revenue from a tax imposed under Subchapter H must be in the  
 1-48 vicinity of the convention center;

1-49 (C) a tourist development area along an inland  
 1-50 waterway;

1-51 (D) a municipal parks and recreation system, or  
 1-52 improvements or additions to a parks and recreation system, or an  
 1-53 area or facility that is part of a municipal parks and recreation  
 1-54 system;

1-55 (E) a project authorized by Section 4A or 4B,  
 1-56 Development Corporation Act of 1979 (Article 5190.6, Vernon's Texas  
 1-57 Civil Statutes), as that Act existed on September 1, 1997; and

1-58 (F) a watershed protection and preservation  
 1-59 project; a recharge, recharge area, or recharge feature protection  
 1-60 project; a conservation easement; or an open-space preservation  
 1-61 program intended to protect water.

2-1 SECTION 2. Section 351.001(2), Tax Code, is amended to read  
2-2 as follows:

2-3 (2) "Convention center facilities" or "convention  
2-4 center complex" means facilities that are primarily used to host  
2-5 conventions and meetings. The term means civic centers, civic  
2-6 center buildings, auditoriums, exhibition halls, and coliseums  
2-7 that are owned by the municipality or other governmental entity or  
2-8 that are managed in whole or part by the municipality. In a  
2-9 municipality with a population of 1.5 million or more, "convention  
2-10 center facilities" or "convention center complex" means civic  
2-11 centers, civic center buildings, auditoriums, exhibition halls,  
2-12 and coliseums that are owned by the municipality or other  
2-13 governmental entity or that are managed in part by the  
2-14 municipality, hotels owned by the municipality or a nonprofit  
2-15 municipally sponsored local government corporation created under  
2-16 Chapter 431, Transportation Code, within 1,000 feet of a convention  
2-17 center owned by the municipality, or a historic hotel owned by the  
2-18 municipality or a nonprofit municipally sponsored local government  
2-19 corporation created under Chapter 431, Transportation Code, within  
2-20 one mile of a convention center owned by the municipality. The term  
2-21 includes parking areas or facilities that are for the parking or  
2-22 storage of conveyances and that are located at or in the vicinity of  
2-23 other convention center facilities. The term also includes a hotel  
2-24 owned by or located on land that is owned by an eligible central  
2-25 municipality or by a nonprofit corporation acting on behalf of an  
2-26 eligible central municipality and that is located within 1,000 feet  
2-27 of a convention center facility owned by the municipality. The term  
2-28 also includes a hotel that is owned in part by an eligible central  
2-29 municipality described by Subdivision (7)(D) and that is located  
2-30 within 1,000 feet of a convention center facility. For purposes of  
2-31 this subdivision, "meetings" means gatherings of people that  
2-32 enhance and promote tourism and the convention and hotel industry.

2-33 SECTION 3. Section 351.007, Tax Code, is amended to read as  
2-34 follows:

2-35 Sec. 351.007. PREEXISTING CONTRACTS. (a) If a municipality  
2-36 increases the rate of the tax authorized by this chapter, the  
2-37 increased tax rate does not apply to the tax imposed on the use or  
2-38 possession, or the right to the use or possession, of a room under a  
2-39 contract that was executed before the date the increased rate takes  
2-40 effect and ~~[October 1, 1989,]~~ that provides for the payment of the  
2-41 tax at the rate in effect when the contract was executed, unless the  
2-42 contract is subject to change or modification by reason of the tax  
2-43 rate increase.

2-44 (b) This subsection applies only to a contract that provides  
2-45 for the payment of one or more taxes imposed on the use or  
2-46 possession, or the right to the use or possession, of a room that is  
2-47 in a hotel, including a tax authorized by Chapter 156 or 352 of this  
2-48 code or by Subchapter H, Chapter 334, Local Government Code. If a  
2-49 municipality adopts an ordinance imposing a tax under this chapter  
2-50 that is not imposed at any rate before the effective date of the tax  
2-51 prescribed by the ordinance, the imposition of the tax does not  
2-52 apply to the use or possession, or the right to the use or  
2-53 possession, of a room under a contract executed before the date the  
2-54 imposition of the tax takes effect, unless the contract is subject  
2-55 to change or modification by reason of the imposition of the new  
2-56 tax.

2-57 (c) The tax rate applicable to the use or possession, or the  
2-58 right to the use or possession, of a room under a ~~the~~ contract  
2-59 described by Subsection (a) is the rate in effect when the contract  
2-60 was executed. Notwithstanding Section 351.002(a), no tax is imposed  
2-61 under this chapter on the use or possession, or the right to the use  
2-62 or possession, of a room under a contract described by Subsection  
2-63 (b).

2-64 SECTION 4. Section 351.101(a), Tax Code, as amended by  
2-65 Chapters 666 (H.B. 3772) and 979 (H.B. 3615), Acts of the 84th  
2-66 Legislature, Regular Session, 2015, is reenacted and amended to  
2-67 read as follows:

2-68 (a) Revenue from the municipal hotel occupancy tax may be  
2-69 used only to promote tourism and the convention and hotel industry,

- 3-1 and that use is limited to the following:
- 3-2 (1) the acquisition of sites for and the construction,  
 3-3 improvement, enlarging, equipping, repairing, operation, and  
 3-4 maintenance of convention center facilities or visitor information  
 3-5 centers, or both;
- 3-6 (2) the furnishing of facilities, personnel, and  
 3-7 materials for the registration of convention delegates or  
 3-8 registrants;
- 3-9 (3) advertising and conducting solicitations and  
 3-10 promotional programs to attract tourists and convention delegates  
 3-11 or registrants to the municipality or its vicinity;
- 3-12 (4) the encouragement, promotion, improvement, and  
 3-13 application of the arts, including instrumental and vocal music,  
 3-14 dance, drama, folk art, creative writing, architecture, design and  
 3-15 allied fields, painting, sculpture, photography, graphic and craft  
 3-16 arts, motion pictures, radio, television, tape and sound recording,  
 3-17 and other arts related to the presentation, performance, execution,  
 3-18 and exhibition of these major art forms;
- 3-19 (5) historical restoration and preservation projects  
 3-20 or activities or advertising and conducting solicitations and  
 3-21 promotional programs to encourage tourists and convention  
 3-22 delegates to visit preserved historic sites or museums:
- 3-23 (A) at or in the immediate vicinity of convention  
 3-24 center facilities or visitor information centers; or
- 3-25 (B) located elsewhere in the municipality or its  
 3-26 vicinity that would be frequented by tourists and convention  
 3-27 delegates;
- 3-28 (6) for a municipality located in a county with a  
 3-29 population of one million or less, expenses, including promotion  
 3-30 expenses, directly related to a sporting event in which the  
 3-31 majority of participants are tourists who substantially increase  
 3-32 economic activity at hotels and motels within the municipality or  
 3-33 its vicinity;
- 3-34 (7) subject to Section 351.1076, the promotion of  
 3-35 tourism by the enhancement and upgrading of existing sports  
 3-36 facilities or fields [~~, including facilities or fields for baseball,~~  
 3-37 ~~softball, soccer, flag football, and rodeos,~~] if:
- 3-38 (A) the municipality owns the facilities or  
 3-39 fields;
- 3-40 (B) the municipality:
- 3-41 (i) has a population of 80,000 or more and  
 3-42 is located in a county that has a population of 350,000 or less;
- 3-43 (ii) has a population of at least 75,000 but  
 3-44 not more than 95,000 and is located in a county that has a  
 3-45 population of less than 200,000 but more than 160,000;
- 3-46 (iii) has a population of at least 36,000  
 3-47 but not more than 39,000 and is located in a county that has a  
 3-48 population of 100,000 or less that is not adjacent to a county with  
 3-49 a population of more than two million;
- 3-50 (iv) has a population of at least 13,000 but  
 3-51 less than 39,000 and is located in a county that has a population of  
 3-52 at least 200,000;
- 3-53 (v) has a population of at least 70,000 but  
 3-54 less than 90,000 and no part of which is located in a county with a  
 3-55 population greater than 150,000;
- 3-56 (vi) is located in a county that:
- 3-57 (a) is adjacent to the Texas-Mexico  
 3-58 border;
- 3-59 (b) has a population of at least  
 3-60 500,000; and
- 3-61 (c) does not have a municipality with  
 3-62 a population greater than 500,000;
- 3-63 (vii) has a population of at least 25,000  
 3-64 but not more than 26,000 and is located in a county that has a  
 3-65 population of 90,000 or less;
- 3-66 (viii) [~~(ix)~~] is located in a county that  
 3-67 has a population of not more than 300,000 and in which a component  
 3-68 university of the University of Houston System is located; or
- 3-69 (ix) [~~(x)~~] has a population of at least

4-1 40,000 and the San Marcos River flows through the municipality; and  
4-2 (C) the sports facilities and fields have been  
4-3 used, in the preceding calendar year, a combined total of more than  
4-4 10 times for district, state, regional, or national sports  
4-5 tournaments;

4-6 (8) for a municipality with a population of at least  
4-7 70,000 but less than 90,000, no part of which is located in a county  
4-8 with a population greater than 150,000, the construction,  
4-9 improvement, enlarging, equipping, repairing, operation, and  
4-10 maintenance of a coliseum or multiuse facility;

4-11 (9) signage directing the public to sights and  
4-12 attractions that are visited frequently by hotel guests in the  
4-13 municipality;

4-14 (10) the construction, improvement, enlarging,  
4-15 equipping, repairing, operation, and maintenance of a coliseum or  
4-16 multiuse facility, if the municipality:

4-17 (A) has a population of at least 90,000 but less  
4-18 than 120,000; and

4-19 (B) is located in two counties, at least one of  
4-20 which contains the headwaters of the San Gabriel River; and

4-21 (11) for a municipality with a population of more than  
4-22 175,000 but less than 225,000 that is located in two counties, each  
4-23 of which has a population of less than 200,000, the construction,  
4-24 improvement, enlarging, equipping, repairing, operation, and  
4-25 maintenance of a coliseum or multiuse facility and related  
4-26 infrastructure or a venue, as defined by Section 334.001(4), Local  
4-27 Government Code, that is related to the promotion of tourism.

4-28 SECTION 5. Section 352.0031, Tax Code, is amended to read as  
4-29 follows:

4-30 Sec. 352.0031. PREEXISTING CONTRACTS. (a) If a county  
4-31 increases the rate of the tax authorized by this chapter, the  
4-32 increased tax rate does not apply to the tax imposed on the use or  
4-33 possession, or the right to the use or possession, of a room under a  
4-34 contract that was executed before the date the increased rate takes  
4-35 effect and ~~[October 1, 1989,]~~ that provides for the payment of the  
4-36 tax at the rate in effect when the contract was executed, unless the  
4-37 contract is subject to change or modification by reason of the tax  
4-38 rate increase.

4-39 (b) This subsection applies only to a contract that provides  
4-40 for the payment of one or more taxes imposed on the use or  
4-41 possession, or the right to the use or possession, of a room that is  
4-42 in a hotel, including a tax authorized by Chapter 156 or 351 of this  
4-43 code or by Subchapter H, Chapter 334, Local Government Code. If the  
4-44 commissioners court of a county adopts an order or resolution  
4-45 imposing a tax under this chapter as authorized by Section 352.002  
4-46 and the tax was not imposed at any rate before the effective date of  
4-47 the tax prescribed by the order or resolution, the imposition of the  
4-48 tax does not apply to the use or possession, or the right to the use  
4-49 or possession, of a room under a contract executed before the date  
4-50 the imposition of the tax takes effect, unless the contract is  
4-51 subject to change or modification by reason of the imposition of the  
4-52 new tax.

4-53 (c) The tax rate applicable to the use or possession, or the  
4-54 right to the use or possession, of a room under a ~~the~~ contract  
4-55 described by Subsection (a) is the rate in effect when the contract  
4-56 was executed. Notwithstanding Section 352.002, no tax is imposed  
4-57 under this chapter on the use or possession, or the right to the use  
4-58 or possession, of a room under a contract described by Subsection  
4-59 (b).

4-60 SECTION 6. To the extent of any conflict, this Act prevails  
4-61 over another Act of the 85th Legislature, Regular Session, 2017,  
4-62 relating to nonsubstantive additions to and corrections in enacted  
4-63 codes.

4-64 SECTION 7. This Act takes effect September 1, 2017.

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