

By: Bonnen of Galveston

H.B. No. 3575

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the authority of certain municipalities to use certain
3 tax revenue for certain projects and to pledge that revenue for the
4 payment of obligations related to those projects.

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

6 SECTION 1. Section [351.102](#), Tax Code, is amended by
7 amending Subsections (b), (c), and (d) and adding Subsection (e) to
8 read as follows:

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

1 facilities, meeting spaces, restaurants, shops, street and water
2 and sewer infrastructure necessary for the operation of the hotel
3 or ancillary facilities, and parking facilities within 1,000 feet
4 of the hotel or convention center facility. For bonds or other
5 obligations issued under this subsection, an eligible central
6 municipality or a municipality described by this subsection or
7 Subsection (e) may only pledge revenue or other assets of the hotel
8 project benefiting from those bonds or other obligations.

9 (c) A municipality to which Subsection (b) or (e) applies is
10 entitled to receive all funds from a project described by this
11 section that an owner of a project may receive under Section
12 [151.429](#)(h) of this code, or Section [2303.5055](#), Government Code, and
13 may pledge the funds for the payment of obligations issued under
14 this section.

15 (d) Except as provided by this subsection, an eligible
16 central municipality or another municipality described by
17 Subsection (b) or (e) that uses revenue derived from the tax imposed
18 under this chapter or funds received under Subsection (c) for a
19 hotel project described by Subsection (b) may not reduce the
20 percentage of revenue from the tax imposed under this chapter and
21 allocated for a purpose described by Section [351.101](#)(a)(3) to a
22 percentage that is less than the average percentage of that revenue
23 allocated by the municipality for that purpose during the 36-month
24 period preceding the date the municipality begins using the revenue
25 or funds for the hotel project. This subsection does not apply to
26 an eligible central municipality described by Section
27 [351.001](#)(7)(D).

1 (e) In addition to the municipalities described by
2 Subsection (b), that subsection also applies to a municipality that
3 borders Clear Lake, has a population of more than 83,000, and is
4 primarily located in a county with a population of less than
5 300,000. In addition to the uses authorized by Subsections (a) and
6 (b) and Section 351.101, a municipality described by this
7 subsection may:

8 (1) use revenue derived from the tax imposed under
9 this chapter and funds received under Subsection (c) to acquire
10 sites for and construct, improve, enlarge, equip, repair, operate,
11 and maintain the following to attract tourists to the municipality:

12 (A) coliseums and multiuse facilities;

13 (B) venues as defined by Sections 334.001(4)(A),
14 (B), (C), and (D), Local Government Code; and

15 (C) related infrastructure as defined by Section
16 334.001, Local Government Code; and

17 (2) pledge that revenue for the payment of bonds or
18 other obligations issued or incurred for a purpose described by
19 Subdivision (1).

20 SECTION 2. This Act takes effect immediately if it receives
21 a vote of two-thirds of all the members elected to each house, as
22 provided by Section 39, Article III, Texas Constitution. If this
23 Act does not receive the vote necessary for immediate effect, this
24 Act takes effect September 1, 2017.