H.B. No. 4347

AN ACT

relating to the authority of certain municipalities to use certain tax revenue for hotel and convention center projects and other qualified projects.

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

SECTION 1.  Section 351.001, Tax Code, is amended by adding Subdivision (12) to read as follows:

(12)  "Retail establishment" means an establishment engaged in activities described by North American Industry Classification System subsector code 442, 443, 445, 446, 448, 451, 452, or 453.

SECTION 2.  Sections 351.102(b), (c), and (e), Tax Code, are amended to read as follows:

(b)  A municipality described by Subsection (e) [~~An eligible central municipality, 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 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 qualified convention center facility, as defined by Section 351.151, 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, retail establishments [~~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. [~~A municipality with a population of 173,000 or more that is located within two or more counties may pledge for the payment of bonds or other obligations described by this subsection the revenue derived from the tax imposed under this chapter from a hotel project not owned by or located on land owned by the municipality if the project is located on land that is owned by the federal government and the project is located within 1,000 feet of a convention center facility owned by the municipality.~~] For bonds or other obligations issued under this subsection, [~~an eligible central municipality or~~] a municipality described by [~~this subsection or~~] Subsection (e) may only pledge revenue or other assets of the hotel project benefiting from those bonds or other obligations.

(c)  A [~~Except as provided by this subsection, a~~] municipality described by [~~to which~~] Subsection [~~(b) or~~] (e) [~~applies~~] is entitled to receive all funds from a project described by Subsection (b) that an owner of a project may receive under Section 151.429(h) of this code, or Section 2303.5055, Government Code, and may pledge the funds for the payment of obligations issued under this section, but only if[~~. A municipality described by Subsection (e) is not entitled to receive funds from a project under this subsection unless~~] the municipality has pledged the revenue derived from the tax imposed under this chapter from the project for the payment of bonds or other obligations issued or incurred for the project.

(e)  Subsection (b) applies only [~~In addition to the municipalities described by Subsection (b), that subsection also applies~~] to:

(1)  a municipality with a population of two million or more;

(2)  a municipality with a population of 700,000 or more but less than 1.3 million;

(3)  a municipality with a population of 350,000 or more but less than 450,000 in which two professional sports stadiums are located, each of which:

(A)  has a seating capacity of at least 40,000 people; and

(B)  was approved by the voters of the municipality as a sports and community venue project under Chapter 334, Local Government Code; and

(4)  [~~at least 110,000 but not more than 135,000 at least part of which is located in a county with a population of not more than 135,000;~~

[~~(2)  a municipality with a population of at least 9,000 but not more than 10,000 that is located in two counties, each of which has a population of at least 662,000 and a southern border with a county with a population of 2.3 million or more;~~

[~~(3)  a municipality with a population of at least 200,000 but not more than 300,000 that contains a component institution of the Texas Tech University System;~~

[~~(4)  a municipality with a population of at least 95,000 that borders Lake Lewisville;~~

[~~(5)  a municipality that:~~

[~~(A)  contains a portion of Cedar Hill State Park;~~

[~~(B)  has a population of more than 45,000;~~

[~~(C)  is located in two counties, one of which has a population of more than two million and one of which has a population of more than 149,000; and~~

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

[~~(6)  a municipality with a population of less than 6,000 that:~~

[~~(A)  is located in two counties each with a population of 600,000 or more that are both adjacent to a county with a population of two million or more;~~

[~~(B)  has full-time police and fire departments; and~~

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

[~~(7)  a municipality with a population of at least 56,000 that:~~

[~~(A)  borders Lake Ray Hubbard; and~~

[~~(B)  is located in two counties, one of which has a population of less than 80,000;~~

[~~(8)  a municipality with a population of more than 83,000, that borders Clear Lake, and that is primarily located in a county with a population of less than 300,000;~~

[~~(9)~~]  a municipality with a population of less than 2,000 that:

(A)  is located adjacent to a bay connected to the Gulf of Mexico;

(B)  is located in a county with a population of 290,000 or more that is adjacent to a county with a population of four million or more; and

(C)  has a boardwalk on the bay[~~;~~

[~~(10)  a municipality with a population of 75,000 or more that:~~

[~~(A)  is located wholly in one county with a population of 575,000 or more that is adjacent to a county with a population of four million or more; and~~

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

[~~(11)  a municipality with a population of less than 75,000 that is located in three counties, at least one of which has a population of at least four million; and~~

[~~(12)  an eligible coastal municipality with a population of more than 3,000 but less than 5,000~~].

SECTION 3.  Section 351.102(d), Tax Code, is redesignated as Section 351.1063, Tax Code, and amended to read as follows:

Sec. 351.1063.  ALLOCATION OF REVENUE FOR ADVERTISING AND PROMOTION: CERTAIN MUNICIPALITIES WITH CERTAIN PROJECTS. (a) This section applies only to a municipality described by Section 351.102(e) or 351.152, other than an eligible central municipality described by Section 351.001(7)(D).

(b)  A [~~(d) Except as provided by this subsection, an eligible central~~] municipality [~~or another municipality described by Subsection (b) or (e)~~] that uses revenue derived from the tax imposed under this chapter or funds received under Section 351.102(c), 351.156, or 351.157 [~~Subsection (c)~~] for a hotel project under Section 351.102(b) or a qualified project under Section 351.155 [~~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).~~]

SECTION 4.  Section 351.102(f), Tax Code, is redesignated as Section 351.1064, Tax Code, and amended to read as follows:

Sec. 351.1064.  ALLOCATION OF REVENUE FOR CERTAIN SPORTING EVENT EXPENSES: CERTAIN MUNICIPALITIES WITH QUALIFIED PROJECT. (a) This section applies only to a municipality with a population of 200,000 or more but less than 300,000 that contains a component institution of the Texas Tech University System.

(b) [~~(f)~~]  A municipality [~~described by Subsection (e)(3)~~] that uses revenue derived from the tax imposed under this chapter or funds received under Section 351.156 [~~Subsection (c)~~] for repayment of bonds, [~~or~~] other obligations, or contractual obligations issued or incurred for a qualified [~~hotel~~] project under Section 351.155 [~~described by Subsection (b)~~] may not, in a fiscal year that begins after [~~construction of~~] the qualified [~~hotel~~] project is complete and during any part of which the bonds, [~~or~~] other obligations, or contractual obligations are outstanding, reduce the amount of revenue derived from the tax imposed under this chapter and allocated for a purpose described by Section 351.101(a)(6) to an amount that is less than the sum of:

(1)  the amount of the revenue derived from the tax imposed under this chapter and allocated by the municipality for a purpose described by Section 351.101(a)(6) during the fiscal year beginning October 1, 2016; and

(2)  three percent of the amount of revenue derived from the tax imposed under this chapter during the fiscal year for which the amount required by this subsection is being determined.

SECTION 5.  Subchapter B, Chapter 351, Tax Code, is amended by adding Section 351.1021 to read as follows:

Sec. 351.1021.  PLEDGE OR COMMITMENT OF CERTAIN TAX REVENUE FOR CERTAIN PROJECTS. (a) In this section:

(1)  "Eligible municipality" means a municipality described by Section 351.102(e)(4).

(2)  "Multipurpose convention center facility" means a facility that will be constructed and, after that construction:

(A)  is used to host conventions, meetings, live performances, and sporting events;

(B)  is:

(i)  leased by an eligible municipality; or

(ii)  wholly owned by an eligible municipality, and none of which is or may be owned through an undivided common interest;

(C)  is not located in a hotel or other structure;

(D)  has at least 10,000 square feet of continuous and usable meeting space; and

(E)  is configurable to simultaneously accommodate multiple events described by Paragraph (A) of different sizes and types.

(3)  "Multipurpose convention center facility project" means a project that consists of a hotel owned by an eligible municipality or another person and a multipurpose convention center facility, the nearest exterior wall of which is located not more than 2,500 feet from the nearest exterior wall of the hotel. A multipurpose convention center facility project may include:

(A)  each new or existing business located in the municipality, regardless of who owns the business or the property on which the business is located, the nearest exterior wall of which is located not more than 2,500 feet from the nearest exterior wall of the multipurpose convention center facility or the hotel that is part of the project;

(B)  a parking shuttle or transportation system; and

(C)  any parking area or structure located in the municipality, regardless of who owns the area or structure or the property on which the area or structure is located, the nearest property line of which is located not more than two miles from the nearest exterior wall of the multipurpose convention center facility.

(b)  An eligible municipality or local government corporation acting on behalf of an eligible municipality is entitled to receive all funds from a multipurpose convention center facility project that the owner of a project could receive under Section 151.429(h) of this code or Section 2303.5055, Government Code, if a project for purposes of those provisions included a multipurpose convention center facility project. The municipality or local government corporation is entitled to receive the funds for a period of 10 years beginning on the date the multipurpose convention center facility is issued a certificate of occupancy.

(c)  An eligible municipality or local government corporation acting on behalf of an eligible municipality may pledge or commit the funds to which the municipality or local government corporation is entitled as provided by Subsection (b) for the payment of bonds, other obligations, or contractual obligations issued or incurred for the multipurpose convention center facility project.

(d)  The comptroller shall deposit the funds to which an eligible municipality or local government corporation is entitled as provided by Subsection (b) in a separate suspense account of the municipality outside the state treasury.

(e)  The comptroller may make a rebate, refund, or payment authorized under this section without the necessity of an appropriation. The comptroller shall rebate, refund, or pay to the eligible municipality the funds to which the municipality or local government corporation is entitled as provided by Subsection (b) at least quarterly.

SECTION 6.  Subchapter B, Chapter 351, Tax Code, is amended by adding Section 351.1022 to read as follows:

Sec. 351.1022.  PLEDGE OR COMMITMENT OF CERTAIN TAX REVENUE BY CERTAIN MUNICIPALITIES WITH SPORTS STADIUMS. (a) This section applies only to a municipality described by Section 351.102(e)(3).

(b)  A municipality is entitled to receive all funds from a hotel project described by Section 351.102(b) that an owner of a project may receive under Section 151.429(h) of this code or Section 2303.5055, Government Code, and all tax revenue collected under Chapter 183 by or from all permittees at the hotel project, excluding revenue disbursed by the comptroller under Section 183.051(b). Notwithstanding any other law, the municipality is entitled to receive the funds for a period of 30 years beginning on the date the hotel project is open for initial occupancy.

(c)  The municipality may pledge the funds to which the municipality is entitled as provided by Subsection (b) for the payment of bonds, other obligations, or contractual obligations issued or incurred to acquire, lease, construct, improve, enlarge, and equip the hotel project.

(d)  The comptroller shall deposit the funds to which the municipality is entitled as provided by Subsection (b) in a separate suspense account of the municipality outside the state treasury.

(e)  The comptroller may make a rebate, refund, or payment authorized under this section without the necessity of an appropriation. The comptroller shall rebate, refund, or pay to the municipality the funds to which the municipality is entitled as provided by Subsection (b) at least monthly.

SECTION 7.  Subchapter B, Chapter 351, Tax Code, is amended by adding Section 351.10712 to read as follows:

Sec. 351.10712.  ALLOCATION OF REVENUE FOR CONSTRUCTION AND MAINTENANCE OF SPORTS-RELATED FACILITIES BY CERTAIN MUNICIPALITIES. (a) This section applies only to a municipality with a population of at least 95,000 that is located in a county that is bisected by United States Highway 385 and has a population of not more than 140,000.

(b)  Notwithstanding any other provision of this chapter, a municipality to which this section applies may use revenue derived from the tax imposed under this chapter to construct and maintain:

(1)  a sports facility located in the municipality; or

(2)  a multipurpose convocation center capable of hosting intercollegiate athletic events on land owned by a state university if the municipality leases the land on which the center will be located from the university for a term of at least 25 years.

(c)  A municipality that uses revenue derived from the tax imposed under this chapter for a purpose described by Subsection (b):

(1)  shall determine the amount of area hotel revenue attributable to the sports events and tournaments held at the sports facility or multipurpose convocation center for seven years after the date the municipality first uses hotel occupancy tax revenue for the purpose described by Subsection (b);

(2)  shall at the end of the seven-year period described by Subdivision (1) reimburse from the municipality's general fund to the municipality's hotel occupancy tax revenue fund any hotel occupancy tax revenue expended on the sports facility or multipurpose convocation center during that period in excess of the amount determined under Subdivision (1); and

(3)  may not during the seven-year period described by Subdivision (1) 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 first uses hotel occupancy tax revenue for the purpose described by Subsection (b).

SECTION 8.  Chapter 351, Tax Code, is amended by adding Subchapter C to read as follows:

SUBCHAPTER C. MUNICIPAL HOTEL AND CONVENTION CENTER PROJECTS

Sec. 351.151.  DEFINITIONS. In this subchapter:

(1)  "Infrastructure" includes:

(A)  a road, street, highway, bridge, overpass, underpass, and interchange;

(B)  a fresh, reuse, or alternative water supply system, sanitary sewer system, and storm drainage system;

(C)  an electric system, telecommunications system, and gas system;

(D)  signage, landscaping, and hardscaping; and

(E)  a public amenity or public area, such as a plaza, park, or trail.

(2)  "Qualified convention center facility" means a facility that has been or will be constructed and that:

(A)  is primarily used to host conventions or meetings;

(B)  is wholly owned by a municipality to which this subchapter applies, and none of which is or may be owned through an undivided common interest;

(C)  is connected to a qualified hotel or has an exterior wall that is located not more than 1,000 feet from the nearest exterior wall of a qualified hotel;

(D)  is not located in a hotel, sports stadium, or other structure but may share common infrastructure or facilities with a hotel, such as a heating, ventilation, and air-conditioning system, electrical system, or kitchen;

(E)  has at least 10,000 square feet of continuous meeting space; and

(F)  is configurable to simultaneously accommodate multiple events described by Paragraph (A) of different sizes and types.

(3)  "Qualified hotel" means a hotel that is designated by a municipality to which this subchapter applies as the hotel that is part of a qualified project. A qualified hotel:

(A)  must be located on land owned by the designating municipality;

(B)  must be connected to a qualified convention center facility or have an exterior wall that is located not more than 1,000 feet from the nearest exterior wall of the qualified convention center facility; and

(C)  may consist of two or more towers, regardless of whether named differently, branded differently, reporting different addresses to the comptroller under this code, or reporting taxes separately to the comptroller under this code, that:

(i)  are constructed at the same time;

(ii)  are connected to each other or to a qualified convention center facility; and

(iii)  each meet the requirements of Paragraphs (A) and (B).

(4)  "Qualified project" means a project:

(A)  to:

(i)  acquire, construct, repair, remodel, expand, or equip a qualified convention center facility; or

(ii)  acquire, lease, construct, repair, remodel, expand, or equip a qualified hotel; and

(B)  that may include:

(i)  acquiring, leasing, constructing, repairing, remodeling, expanding, or equipping:

(a)  a restaurant, bar, retail establishment, or spa located in a qualified convention center facility or qualified hotel or connected to a qualified convention center facility or qualified hotel, including by a covered walkway; or

(b)  a parking area or structure, the nearest property line of which is located not more than 1,000 feet from the nearest property line of a qualified convention center facility or qualified hotel;

(ii)  acquiring, constructing, repairing, remodeling, or expanding infrastructure that:

(a)  is directly related to and necessary for the qualified convention center facility or qualified hotel; and

(b)  is located within the property lines of the qualified convention center facility or qualified hotel, or not more than 1,000 feet from the nearest property line of the facility or hotel; or

(iii)  acquiring a property right, including a fee simple interest, easement, or other interest in connection with a purpose described by this subdivision.

Sec. 351.152.  APPLICABILITY. This subchapter applies only to:

(1)  a municipality described by Section 351.001(7)(B);

(2)  a municipality described by Section 351.001(7)(D);

(3)  a municipality described by Section 351.001(7)(E);

(4)  a municipality described by Section 351.102(e)(3);

(5)  a municipality that contains more than 75 percent of the population of a county with a population of 1.5 million or more;

(6)  a municipality with a population of 150,000 or more but less than 200,000 that is partially located in at least one county with a population of 125,000 or more;

(7)  a municipality with a population of 150,000 or more but less than one million that is located in one county with a population of 2.3 million or more;

(8)  a municipality with a population of 180,000 or more that:

(A)  is located in two counties, each with a population of 100,000 or more; and

(B)  contains an American Quarter Horse Hall of Fame and Museum;

(9)  a municipality with a population of 96,000 or more that is located in a county that borders Lake Palestine;

(10)  a municipality with a population of 96,000 or more that is located in a county that contains the headwaters of the San Gabriel River;

(11)  a municipality with a population of 99,900 or more but less than 111,000 that is located in a county with a population of 135,000 or more;

(12)  a municipality with a population of 110,000 or more but less than 135,000 at least part of which is located in a county with a population of less than 135,000;

(13)  a municipality with a population of 9,000 or more but less than 10,000 that is located in two counties, each of which has a population of 662,000 or more and a southern border with a county with a population of 2.3 million or more;

(14)  a municipality with a population of 200,000 or more but less than 300,000 that contains a component institution of the Texas Tech University System;

(15)  a municipality with a population of 95,000 or more that:

(A)  is located in more than one county; and

(B)  borders Lake Lewisville;

(16)  a municipality with a population of 45,000 or more that:

(A)  contains a portion of Cedar Hill State Park;

(B)  is located in two counties, one of which has a population of two million or more and one of which has a population of 149,000 or more; and

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

(17)  a municipality with a population of less than 6,000 that:

(A)  is almost wholly located in a county with a population of 600,000 or more that is adjacent to a county with a population of two million or more;

(B)  is partially located in a county with a population of 1.8 million or more that is adjacent to a county with a population of two million or more;

(C)  has a visitor center and museum located in a 19th-century rock building in the municipality's downtown; and

(D)  has a waterpark open to the public;

(18)  a municipality with a population of 56,000 or more that:

(A)  borders Lake Ray Hubbard; and

(B)  is located in two counties, one of which has a population of less than 80,000;

(19)  a municipality with a population of 83,000 or more that:

(A)  borders Clear Lake; and

(B)  is primarily located in a county with a population of less than 300,000;

(20)  a municipality with a population of less than 2,000 that:

(A)  is located adjacent to a bay connected to the Gulf of Mexico;

(B)  is located in a county with a population of 290,000 or more that is adjacent to a county with a population of four million or more; and

(C)  has a boardwalk on the bay;

(21)  a municipality with a population of 75,000 or more that:

(A)  is located wholly in one county with a population of 575,000 or more that is adjacent to a county with a population of four million or more; and

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

(22)  a municipality with a population of less than 75,000 that is located in three counties, at least one of which has a population of four million or more;

(23)  an eligible coastal municipality with a population of 3,000 or more but less than 5,000;

(24)  a municipality with a population of 90,000 or more but less than 150,000 that:

(A)  is located in three counties; and

(B)  contains a branch campus of a component institution of the University of Houston System;

(25)  a municipality that is:

(A)  primarily located in a county with a population of four million or more; and

(B)  connected by a bridge to a municipality described by Subdivision (20);

(26)  a municipality with a population of 20,000 or more but less than 25,000 that:

(A)  contains a portion of Mustang Bayou; and

(B)  is wholly located in a county with a population of less than 500,000;

(27)  a municipality with a population of 70,000 or more but less than 90,000 that is located in two counties, one of which has a population of four million or more and the other of which has a population of less than 50,000;

(28)  a municipality with a population of 10,000 or more that:

(A)  is wholly located in a county with a population of four million or more; and

(B)  has a city hall located less than three miles from a space center operated by an agency of the federal government;

(29)  a municipality that is the county seat of a county:

(A)  through which the Pedernales River flows; and

(B)  in which the birthplace of a president of the United States is located;

(30)  a municipality that contains a portion of U.S. Highway 79 and State Highway 130;

(31)  a municipality with a population of 48,000 or more but less than 95,000 that is located in two counties, one of which has a population of 900,000 or more but less than 1.7 million;

(32)  a municipality with a population of less than 25,000 that contains a museum of Western American art;

(33)  a municipality with a population of 50,000 or more that is the county seat of a county that contains a portion of the Sam Houston National Forest;

(34)  a municipality with a population of less than 25,000 that:

(A)  contains a cultural heritage museum; and

(B)  is located in a county that borders the United Mexican States and the Gulf of Mexico;

(35)  a municipality that is the county seat of a county that:

(A)  has a population of 115,000 or more;

(B)  is adjacent to a county with a population of 1.8 million or more; and

(C)  hosts an annual peach festival;

(36)  a municipality that is the county seat of a county that:

(A)  has a population of 585,000 or more; and

(B)  is adjacent to a county with a population of four million or more;

(37)  a municipality with a population of less than 10,000 that:

(A)  contains a component university of The Texas A&M University System; and

(B)  is located in a county adjacent to a county that borders Oklahoma;

(38)  a municipality with a population of less than 6,100 that:

(A)  is located in two counties, each of which has a population of 600,000 or more but less than two million; and

(B)  hosts an annual Cajun Festival;

(39)  a municipality with a population of 13,000 or more that:

(A)  is located on an international border; and

(B)  is located in a county:

(i)  with a population of less than 400,000; and

(ii)  in which at least one World Birding Center site is located;

(40)  a municipality with a population of 4,000 or more that:

(A)  is located on an international border; and

(B)  is located not more than five miles from a state historic site that serves as a visitor center for a state park that contains 300,000 or more acres of land;

(41)  a municipality with a population of 36,000 or more that is adjacent to at least two municipalities described by Subdivision (15); and

(42)  a municipality with a population of 28,000 or more in which is located a historic railroad depot and heritage center.

Sec. 351.153.  EXCEPTION TO OWNERSHIP REQUIREMENT. (a) This section applies only to a municipality described by Section 351.152(6) or (29).

(b)  Section 351.151(2)(B) does not apply to a facility that otherwise meets the requirements of a qualified convention center facility under Section 351.151.

(c)  Section 351.151(3)(A) does not apply to a hotel that otherwise meets the requirements of a qualified hotel under Section 351.151.

Sec. 351.154.  NONPROFIT CORPORATION AS MUNICIPAL AGENT. A municipality may authorize a nonprofit corporation to act on behalf of the municipality for any purpose under this subchapter.

Sec. 351.155.  PLEDGE OR COMMITMENT OF CERTAIN TAX REVENUE FOR OBLIGATIONS FOR QUALIFIED PROJECT. (a) In addition to the authority of a municipality to issue debt under Chapter 1504, Government Code, a municipality may pledge or commit the revenue derived from the tax imposed under this chapter from a qualified hotel and the revenue to which the municipality is entitled under Section 351.156 and, if applicable, Section 351.157 for the payment of:

(1)  bonds or other obligations issued for a qualified project; and

(2)  contractual obligations related to the project, including obligations under:

(A)  a contract authorized by Chapter 380, Local Government Code, for the project; and

(B)  an interlocal agreement directly related to the project.

(b)  A municipality may pledge or commit revenue for the payment of bonds, other obligations, or contractual obligations under Subsection (a) only if the qualified hotel that is a component of the qualified project for which that revenue is pledged or committed benefits from the pledging or committing of that revenue.

(c)  A municipality may pledge or commit revenue under this section for only one qualified project. After a municipality pledges or commits revenue under this section for a qualified project, the municipality may not ever again pledge or commit revenue for a qualified project.

(d)  Subsection (c) does not apply to a municipality with a population of 175,000 or more.

(e)  A municipality is not entitled to receive revenue under Section 351.156 or 351.157 unless the municipality has pledged or committed a portion of the revenue derived from the tax imposed under this chapter and collected by the qualified hotel for the payment of bonds, other obligations, or contractual obligations described by Subsection (a) and issued or incurred for the qualified project.

Sec. 351.156.  ENTITLEMENT TO CERTAIN TAX REVENUE. Subject to Sections 351.155(e) and 351.158, a municipality is entitled to receive the revenue derived from the following taxes generated, paid, and collected by a qualified hotel, and each restaurant, bar, and retail establishment located in or connected to the hotel or the related qualified convention center facility, that is located in the municipality:

(1)  the sales and use tax imposed under Chapter 151;

(2)  the hotel occupancy tax imposed under Chapter 156; and

(3)  if a political subdivision that is entitled to receive the revenue from the tax agrees in writing to the municipality receiving that revenue:

(A)  the sales and use tax imposed by the political subdivision under Chapter 322 or 323;

(B)  the hotel occupancy tax imposed by the political subdivision under Chapter 352; and

(C)  the mixed beverage tax issued under Section 183.051.

Sec. 351.157.  ADDITIONAL ENTITLEMENT FOR CERTAIN MUNICIPALITIES. (a) In this section, "qualified establishment" means an establishment:

(1)  that is located on land:

(A)  owned by a municipality; or

(B)  owned by any person if the establishment is located in a municipality described by Section 351.152(3);

(2)  the nearest exterior wall of which is located not more than 1,000 feet from the nearest exterior wall of a qualified hotel or qualified convention center facility;

(3)  that is constructed:

(A)  on or after the date the municipality commences a qualified project under this subchapter; or

(B)  at any time if the establishment is located in a municipality described by Section 351.152(3);

(4)  that is not a sports stadium; and

(5)  that is the type of establishment described by Subsection (c) from which the municipality is entitled to receive revenue under Subsection (d).

(b)  This section applies only to:

(1)  a municipality described by Section 351.152(3);

(2)  a municipality described by Section 351.152(6);

(3)  a municipality described by Section 351.152(7);

(4)  a municipality described by Section 351.152(10);

(5)  a municipality described by Section 351.152(16);

(6)  a municipality described by Section 351.152(22);

(7)  a municipality described by Section 351.152(25);

(8)  a municipality described by Section 351.152(34);

(9)  a municipality described by Section 351.152(35);

(10)  a municipality described by Section 351.152(36); and

(11)  a municipality described by Section 351.152(38).

(c)  A municipality is entitled to receive revenue under Subsection (d) derived from the following types of establishments that meet the requirements of Subsections (a)(1), (2), (3), and (4):

(1)  for a municipality described by Subsection (b)(1):

(A)  restaurants, bars, and retail establishments; and

(B)  swimming pools and swimming facilities owned or operated by the related qualified hotel;

(2)  for a municipality described by Subsection (b)(2), restaurants, bars, and retail establishments;

(3)  for a municipality described by Subsection (b)(3), restaurants, bars, and retail establishments;

(4)  for a municipality described by Subsection (b)(4):

(A)  restaurants, bars, and retail establishments; and

(B)  swimming pools and swimming facilities owned or operated by the related qualified hotel;

(5)  for a municipality described by Subsection (b)(5), restaurants, bars, and retail establishments;

(6)  for a municipality described by Subsection (b)(6), restaurants, bars, and retail establishments;

(7)  for a municipality described by Subsection (b)(7), restaurants, bars, and retail establishments;

(8)  for a municipality described by Subsection (b)(8), restaurants, bars, and retail establishments;

(9)  for a municipality described by Subsection (b)(9), restaurants, bars, and retail establishments;

(10)  for a municipality described by Subsection (b)(10):

(A)  restaurants, bars, and retail establishments; and

(B)  swimming pools and swimming facilities owned or operated by the related qualified hotel; and

(11)  for a municipality described by Subsection (b)(11):

(A)  restaurants, bars, and retail establishments; and

(B)  swimming pools and swimming facilities owned or operated by the related qualified hotel.

(d)  Subject to Subsection (e), in addition to the revenue to which the municipality is entitled under Section 351.156, a municipality to which this section applies is entitled to receive the revenue derived from the following taxes generated, paid, and collected from a qualified establishment located in the municipality:

(1)  the sales and use tax imposed under Chapter 151; and

(2)  the mixed beverage tax issued under Section 183.051, if the political subdivision that is entitled to receive the revenue from the tax agrees in writing to the municipality receiving that revenue.

(e)  A municipality to which this section applies is not entitled to receive revenue under Subsection (d) unless the municipality commences a qualified project under this subchapter before September 1, 2023.

Sec. 351.158.  PERIOD OF ENTITLEMENT. A municipality is entitled to receive revenue as provided by Sections 351.156 and 351.157 until the 10th anniversary of the date the qualified hotel to which the entitlement relates is open for initial occupancy.

Sec. 351.159.  DEPOSIT OF REVENUE. Notwithstanding any other law, the comptroller shall deposit the revenue from the taxes described by Sections 351.156 and 351.157 that were collected by or forwarded to the comptroller in trust in a separate suspense account of the qualified project. The suspense account is outside the state treasury and the comptroller may make a payment authorized by this subchapter without the necessity of an appropriation.

Sec. 351.160.  QUARTERLY PAYMENTS. The comptroller shall pay to each municipality the revenue to which the municipality is entitled under this subchapter at least quarterly.

SECTION 9.  Sections 351.102(b-1), (c-1), and (g), Tax Code, are repealed.

SECTION 10.  The comptroller of public accounts may adopt rules as necessary to administer this Act.

SECTION 11.  The changes in law made to Subchapter B, Chapter 351, Tax Code, by this Act apply only to a hotel project described by Section 351.102(b), Tax Code, as amended by this Act, for which a municipality by ordinance or resolution first authorizes the issuance of bonds or other obligations, executes an agreement under Chapter 380, Local Government Code, or executes an interlocal agreement directly related to the project that is secured by a pledge or commitment of revenue under that subsection for the project on or after the effective date of this Act. A hotel project described by Section 351.102(b), Tax Code, for which a municipality by ordinance or resolution first authorized the issuance of bonds or other obligations, executed an agreement under Chapter 380, Local Government Code, or executed an interlocal agreement directly related to the project that is secured by a pledge or commitment of revenue under that subsection for the project before the effective date of this Act is governed by the law in effect when the ordinance was adopted or the agreement was executed, and that law is continued in effect for purposes of those hotel projects.

SECTION 12.  Subchapter C, Chapter 351, Tax Code, as added by this Act, applies only to a qualified project as defined by Section 351.151, Tax Code, as added by this Act, for which a municipality by ordinance or resolution first authorizes the issuance of bonds or other obligations, executes or amends an agreement under Chapter 380, Local Government Code, or executes or amends an interlocal agreement directly related to the qualified project that is secured by a pledge or commitment of revenue under Subchapter C, Chapter 351, Tax Code, for the project on or after the effective date of this Act.

SECTION 13.  The changes in law made by this Act do not affect the validity of a bond, other obligation, or contractual obligation for which revenue was pledged or committed under Section 351.102, Tax Code, before the effective date of this Act. Bonds, other obligations, or contractual obligations for which revenue was pledged or committed before the effective date of this Act are governed by the law in effect when the revenue was pledged or committed, and that law is continued in effect for purposes of the validity of those bonds, obligations, and contractual obligations.

SECTION 14.  This Act takes effect September 1, 2019.

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    President of the Senate Speaker of the House

I certify that H.B. No. 4347 was passed by the House on May 7, 2019, by the following vote:  Yeas 125, Nays 23, 1 present, not voting; and that the House concurred in Senate amendments to H.B. No. 4347 on May 23, 2019, by the following vote:  Yeas 146, Nays 0, 1 present, not voting.

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Chief Clerk of the House

I certify that H.B. No. 4347 was passed by the Senate, with amendments, on May 21, 2019, by the following vote:  Yeas 24, Nays 6.

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Secretary of the Senate

APPROVED: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

                 Date

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               Governor