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H.B. No. 4347

A BILL TO BE ENTITLED

1 AN ACT

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

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

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

8 (12) "Retail establishment" means an establishment
9 engaged in activities described by North American Industry
10 Classification System subsector code 442, 443, 445, 446, 448, 451,
11 452, or 453.

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

14 (b) A municipality described by Subsection (e) [~~An eligible~~
15 ~~central municipality, a municipality with a population of 173,000~~
16 ~~or more that is located within two or more counties, a municipality~~
17 ~~with a population of 96,000 or more that is located in a county that~~
18 ~~borders Lake Palestine or contains the headwaters of the San~~
19 ~~Gabriel River, or a municipality with a population of at least~~
20 ~~99,900 but not more than 111,000 that is located in a county with a~~
21 ~~population of at least 135,000]~~ may pledge the revenue derived from
22 the tax imposed under this chapter from a hotel project that is
23 owned by or located on land owned by the municipality or, in an
24 eligible central municipality, by a nonprofit corporation acting on

1 behalf of an eligible central municipality, and that is located
2 within 1,000 feet of a qualified convention center facility, as
3 defined by Section 351.151, owned by the municipality for the
4 payment of bonds or other obligations issued or incurred to
5 acquire, lease, construct, and equip the hotel and any facilities
6 ancillary to the hotel, including convention center
7 entertainment-related facilities, [~~meeting spaces,~~] restaurants,
8 retail establishments [~~shops~~], street and water and sewer
9 infrastructure necessary for the operation of the hotel or
10 ancillary facilities, and parking facilities within 1,000 feet of
11 the hotel or convention center facility. [~~A municipality with a~~
12 ~~population of 173,000 or more that is located within two or more~~
13 ~~counties may pledge for the payment of bonds or other obligations~~
14 ~~described by this subsection the revenue derived from the tax~~
15 ~~imposed under this chapter from a hotel project not owned by or~~
16 ~~located on land owned by the municipality if the project is located~~
17 ~~on land that is owned by the federal government and the project is~~
18 ~~located within 1,000 feet of a convention center facility owned by~~
19 ~~the municipality.] For bonds or other obligations issued under
20 this subsection, [~~an eligible central municipality or~~] a
21 municipality described by [~~this subsection or~~] Subsection (e) may
22 only pledge revenue or other assets of the hotel project benefiting
23 from those bonds or other obligations.~~

24 (c) A [~~Except as provided by this subsection, a~~
25 municipality described by [~~to which~~] Subsection [~~(b) or~~] (e)
26 [~~applies~~] is entitled to receive all funds from a project described
27 by Subsection (b) that an owner of a project may receive under

1 Section [151.429](#)(h) of this code, or Section [2303.5055](#), Government
2 Code, and may pledge the funds for the payment of obligations issued
3 under this section, but only if~~].—A municipality described by~~
4 ~~Subsection (e) is not entitled to receive funds from a project under~~
5 ~~this subsection unless~~] the municipality has pledged the revenue
6 derived from the tax imposed under this chapter from the project for
7 the payment of bonds or other obligations issued or incurred for the
8 project.

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

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

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

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

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

21 (B) was approved by the voters of the
22 municipality as a sports and community venue project under Chapter
23 [334](#), Local Government Code; and

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

27 ~~[(2) a municipality with a population of at least~~

1 ~~9,000 but not more than 10,000 that is located in two counties, each~~
2 ~~of which has a population of at least 662,000 and a southern border~~
3 ~~with a county with a population of 2.3 million or more;~~

4 ~~[(3) a municipality with a population of at least~~
5 ~~200,000 but not more than 300,000 that contains a component~~
6 ~~institution of the Texas Tech University System;~~

7 ~~[(4) a municipality with a population of at least~~
8 ~~95,000 that borders Lake Lewisville;~~

9 ~~[(5) a municipality that:~~

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

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

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

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

17 ~~[(6) a municipality with a population of less than~~
18 ~~6,000 that:~~

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

22 ~~[(B) has full-time police and fire departments,~~
23 ~~and~~

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

26 ~~[(7) a municipality with a population of at least~~
27 ~~56,000 that:~~

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

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

4 ~~[(8) a municipality with a population of more than~~
5 ~~83,000, that borders Clear Lake, and that is primarily located in a~~
6 ~~county with a population of less than 300,000;~~

7 ~~[(9)]~~ a municipality with a population of less than
8 2,000 that:

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

11 (B) is located in a county with a population of
12 290,000 or more that is adjacent to a county with a population of
13 four million or more; and

14 (C) has a boardwalk on the bay[+]

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

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

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

22 ~~[(11) a municipality with a population of less than~~
23 ~~75,000 that is located in three counties, at least one of which has~~
24 ~~a population of at least four million; and~~

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

27 SECTION 3. Section [351.102](#)(d), Tax Code, is redesignated as

1 Section 351.1063, Tax Code, and amended to read as follows:

2 Sec. 351.1063. ALLOCATION OF REVENUE FOR ADVERTISING AND
3 PROMOTION: CERTAIN MUNICIPALITIES WITH CERTAIN PROJECTS. (a) This
4 section applies only to a municipality described by Section
5 351.102(e) or 351.152, other than an eligible central municipality
6 described by Section 351.001(7)(D).

7 (b) A [~~(d)~~ Except as provided by this subsection, an
8 eligible central] municipality [~~or another municipality described~~
9 ~~by Subsection (b) or (e)~~] that uses revenue derived from the tax
10 imposed under this chapter or funds received under Section
11 351.102(c), 351.156, or 351.157 [~~Subsection (c)~~] for a hotel
12 project under Section 351.102(b) or a qualified project under
13 Section 351.155 [~~described by Subsection (b)~~] may not reduce the
14 percentage of revenue from the tax imposed under this chapter and
15 allocated for a purpose described by Section 351.101(a)(3) to a
16 percentage that is less than the average percentage of that revenue
17 allocated by the municipality for that purpose during the 36-month
18 period preceding the date the municipality begins using the revenue
19 or funds for the hotel project. [~~This subsection does not apply to~~
20 ~~an eligible central municipality described by Section~~
21 ~~351.001(7)(D).~~]

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

24 Sec. 351.1064. ALLOCATION OF REVENUE FOR CERTAIN SPORTING
25 EVENT EXPENSES: CERTAIN MUNICIPALITIES WITH QUALIFIED PROJECT. (a)
26 This section applies only to a municipality with a population of
27 200,000 or more but less than 300,000 that contains a component

1 institution of the Texas Tech University System.

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

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

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

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

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

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

27 (2) "Multipurpose convention center facility" means a

1 facility that will be constructed and, after that construction:

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

4 (B) is:

5 (i) leased by an eligible municipality; or

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

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

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

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

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

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

27 (B) a parking shuttle or transportation system;

1 and

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

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

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

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

1 municipality outside the state treasury.

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

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

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

13 (b) A municipality is entitled to receive all funds from a
14 hotel project described by Section 351.102(b) that an owner of a
15 project may receive under Section 151.429(h) of this code or
16 Section 2303.5055, Government Code, and all tax revenue collected
17 under Chapter 183 by or from all permittees at the hotel project,
18 excluding revenue disbursed by the comptroller under Section
19 183.051(b). Notwithstanding any other law, the municipality is
20 entitled to receive the funds for a period of 30 years beginning on
21 the date the hotel project is open for initial occupancy.

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

27 (d) The comptroller shall deposit the funds to which the

1 municipality is entitled as provided by Subsection (b) in a
2 separate suspense account of the municipality outside the state
3 treasury.

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

9 SECTION 7. Subchapter B, Chapter 351, Tax Code, is amended
10 by adding Section 351.1023 to read as follows:

11 Sec. 351.1023. PLEDGE OR COMMITMENT OF CERTAIN TAX REVENUE
12 FOR CERTAIN MILITARY MUSEUMS AND CONFERENCE CENTERS. (a) In this
13 section:

14 (1) "Eligible municipality" means a municipality with
15 a population of less than 20,000.

16 (2) "Qualified project" means a project to construct
17 and equip a military museum and conference center located in an
18 eligible municipality on land donated for that purpose by an
19 institution of higher education as defined by Section 61.003,
20 Education Code, in this state.

21 (b) An eligible municipality is entitled to receive the
22 funds derived from the hotel occupancy tax imposed under Chapter
23 156 that are generated, paid, and collected by a hotel in the
24 eligible municipality. The eligible municipality is entitled to
25 receive the funds for a period of 10 years beginning on the earlier
26 of:

27 (1) the date the military museum that is part of the

1 qualified project is open for initial occupancy; or

2 (2) the date the convention center that is part of the
3 qualified project is open for initial occupancy.

4 (c) An eligible municipality may pledge or commit the funds
5 derived from the tax imposed under this chapter and Chapter 156 to
6 which the municipality is entitled for the payment of bonds, other
7 obligations, or contractual obligations issued or incurred to
8 construct and equip the qualified project.

9 (d) The comptroller shall deposit the funds to which an
10 eligible municipality is entitled in a separate suspense account of
11 the municipality outside the state treasury.

12 (e) The comptroller may make a rebate, refund, or payment
13 authorized under this section without the necessity of an
14 appropriation. The comptroller shall rebate, refund, or pay to the
15 eligible municipality the funds to which the municipality is
16 entitled at least quarterly.

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

19 SUBCHAPTER C. MUNICIPAL HOTEL AND CONVENTION CENTER PROJECTS

20 Sec. 351.151. DEFINITIONS. In this subchapter:

21 (1) "Infrastructure" includes:

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

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

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

1 (D) signage, landscaping, and hardscaping; and
2 (E) a public amenity or public area, such as a
3 plaza, park, or trail.

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

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

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

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

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

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

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

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

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

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

5 (C) may consist of two or more towers, regardless
6 of whether named or branded differently, that:

7 (i) are constructed at the same time; and

8 (ii) each meet the requirements of
9 Paragraphs (A) and (B).

10 (4) "Qualified project" means a project:

11 (A) to:

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

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

16 (B) that may include:

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

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

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

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

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

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

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

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

15 (1) a municipality described by Section
16 351.001(7)(B);

17 (2) a municipality described by Section
18 351.001(7)(D);

19 (3) a municipality described by Section
20 351.001(7)(E);

21 (4) a municipality described by Section
22 351.102(e)(3);

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

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

1 county with a population of 125,000 or more;

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

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

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

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

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

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

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

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

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

26 (14) a municipality with a population of 200,000 or
27 more but less than 300,000 that contains a component institution of

1 the Texas Tech University System;

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

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

5 (B) borders Lake Lewisville;

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

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

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

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

14 (17) a municipality with a population of less than
15 6,000 that:

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

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

22 (C) has a visitor center and museum located in a
23 19th-century rock building in the municipality's downtown; and

24 (D) has a waterpark open to the public;

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

27 (A) borders Lake Ray Hubbard; and

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

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

5 (A) borders Clear Lake; and

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

8 (20) a municipality with a population of less than
9 2,000 that:

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

12 (B) is located in a county with a population of
13 290,000 or more that is adjacent to a county with a population of
14 four million or more; and

15 (C) has a boardwalk on the bay;

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

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

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

23 (22) a municipality with a population of less than
24 75,000 that is located in three counties, at least one of which has
25 a population of four million or more;

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

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

3 (A) is located in three counties; and

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

6 (25) a municipality that is:

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

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

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

13 (A) contains a portion of Mustang Bayou; and

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

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

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

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

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

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

1 (A) through which the Pedernales River flows; and

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

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

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

9 (32) a municipality with a population of less than
10 25,000 that contains a museum of Western American art;

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

14 (34) a municipality with a population of less than
15 25,000 that:

16 (A) contains a cultural heritage museum; and

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

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

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

22 (B) is adjacent to a county with a population of
23 1.8 million or more; and

24 (C) hosts an annual peach festival;

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

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

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

3 (37) a municipality with a population of less than
4 10,000 that:

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

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

9 (38) a municipality with a population of less than
10 6,100 that:

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

13 (B) hosts an annual Cajun Festival;

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

16 (A) is located on an international border; and

17 (B) is located in a county:

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

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

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

24 (A) is located on an international border; and

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

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

1 the project.

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

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

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

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

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

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

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

3 and

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

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

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

11 (C) the mixed beverage tax issued under Section
12 183.051.

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

16 (1) that is located on land:

17 (A) owned by a municipality; or

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

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

23 (3) that is constructed:

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

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

1 (4) that is not a sports stadium; and
2 (5) that is the type of establishment described by
3 Subsection (c) from which the municipality is entitled to receive
4 revenue under Subsection (d).

5 (b) This section applies only to:

- 6 (1) a municipality described by Section 351.152(3);
7 (2) a municipality described by Section 351.152(6);
8 (3) a municipality described by Section 351.152(7);
9 (4) a municipality described by Section 351.152(10);
10 (5) a municipality described by Section 351.152(16);
11 (6) a municipality described by Section 351.152(22);
12 (7) a municipality described by Section 351.152(25);
13 (8) a municipality described by Section 351.152(34);
14 (9) a municipality described by Section 351.152(35);
15 (10) a municipality described by Section 351.152(36);

16 and

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

18 (c) A municipality is entitled to receive revenue under
19 Subsection (d) derived from the following types of establishments
20 that meet the requirements of Subsections (a)(1), (2), (3), and
21 (4):

- 22 (1) for a municipality described by Subsection (b)(1):
23 (A) restaurants, bars, and retail
24 establishments; and
25 (B) swimming pools and swimming facilities owned
26 or operated by the related qualified hotel;

- 27 (2) for a municipality described by Subsection (b)(2),

1 restaurants, bars, and retail establishments;
2 (3) for a municipality described by Subsection (b)(3),
3 restaurants, bars, and retail establishments;
4 (4) for a municipality described by Subsection (b)(4):
5 (A) restaurants, bars, and retail
6 establishments; and
7 (B) swimming pools and swimming facilities owned
8 or operated by the related qualified hotel;
9 (5) for a municipality described by Subsection (b)(5),
10 restaurants, bars, and retail establishments;
11 (6) for a municipality described by Subsection (b)(6),
12 restaurants, bars, and retail establishments;
13 (7) for a municipality described by Subsection (b)(7),
14 restaurants, bars, and retail establishments;
15 (8) for a municipality described by Subsection (b)(8),
16 restaurants, bars, and retail establishments;
17 (9) for a municipality described by Subsection (b)(9),
18 restaurants, bars, and retail establishments;
19 (10) for a municipality described by Subsection
20 (b)(10):
21 (A) restaurants, bars, and retail
22 establishments; and
23 (B) swimming pools and swimming facilities owned
24 or operated by the related qualified hotel; and
25 (11) for a municipality described by Subsection
26 (b)(11):
27 (A) restaurants, bars, and retail

1 establishments; and

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

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

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

12 (2) the mixed beverage tax issued under Section
13 183.051, if the political subdivision that is entitled to receive
14 the revenue from the tax agrees in writing to the municipality
15 receiving that revenue.

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

20 Sec. 351.158. PERIOD OF ENTITLEMENT. A municipality is
21 entitled to receive revenue as provided by Sections 351.156 and
22 351.157 until the 10th anniversary of the date the qualified hotel
23 to which the entitlement relates is open for initial occupancy.

24 Sec. 351.159. DEPOSIT OF REVENUE. Notwithstanding any
25 other law, the comptroller shall deposit the revenue from the taxes
26 described by Sections 351.156 and 351.157 that were collected by or
27 forwarded to the comptroller in trust in a separate suspense

1 account of the qualified project. The suspense account is outside
2 the state treasury and the comptroller may make a payment
3 authorized by this subchapter without the necessity of an
4 appropriation.

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

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

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

12 SECTION 11. The changes in law made to Subchapter B, Chapter
13 351, Tax Code, by this Act apply only to a hotel project described
14 by Section 351.102(b), Tax Code, as amended by this Act, for which a
15 municipality by ordinance first authorizes the issuance of bonds or
16 other obligations, executes an agreement under Chapter 380, Local
17 Government Code, or executes an interlocal agreement directly
18 related to the project that is secured by a pledge or commitment of
19 revenue under that subsection for the project on or after the
20 effective date of this Act. A hotel project described by Section
21 351.102(b), Tax Code, for which a municipality by ordinance first
22 authorized the issuance of bonds or other obligations, executed an
23 agreement under Chapter 380, Local Government Code, or executed an
24 interlocal agreement directly related to the project that is
25 secured by a pledge or commitment of revenue under that subsection
26 for the project before the effective date of this Act is governed by
27 the law in effect when the ordinance was adopted or the agreement

1 was executed, and that law is continued in effect for purposes of
2 those hotel projects.

3 SECTION 12. Subchapter C, Chapter 351, Tax Code, as added by
4 this Act, applies only to a qualified project as defined by Section
5 351.151, Tax Code, as added by this Act, for which a municipality by
6 ordinance first authorizes the issuance of bonds or other
7 obligations, executes or amends an agreement under Chapter 380,
8 Local Government Code, or executes or amends an interlocal
9 agreement directly related to the qualified project that is secured
10 by a pledge or commitment of revenue under Subchapter C, Chapter
11 351, Tax Code, for the project on or after the effective date of
12 this Act.

13 SECTION 13. The changes in law made by this Act do not
14 affect the validity of a bond, other obligation, or contractual
15 obligation for which revenue was pledged or committed under Section
16 351.102, Tax Code, before the effective date of this Act. Bonds,
17 other obligations, or contractual obligations for which revenue was
18 pledged or committed before the effective date of this Act are
19 governed by the law in effect when the revenue was pledged or
20 committed, and that law is continued in effect for purposes of the
21 validity of those bonds, obligations, and contractual obligations.

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