

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

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 351.10712 to read as follows:

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

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

20 (1) a sports facility located in the municipality; or  
21 (2) a multipurpose convocation center capable of  
22 hosting intercollegiate athletic events on land owned by a state  
23 university if the municipality leases the land on which the center  
24 will be located from the university for a term of at least 25 years.

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

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

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

12           (3) may not during the seven-year period described by  
13 Subdivision (1) reduce the percentage of revenue from the tax  
14 imposed under this chapter and allocated for a purpose described by  
15 Section 351.101(a)(3) to a percentage that is less than the average  
16 percentage of that revenue allocated by the municipality for that  
17 purpose during the 36-month period preceding the date the  
18 municipality first uses hotel occupancy tax revenue for the purpose  
19 described by Subsection (b).

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

22           SUBCHAPTER C. MUNICIPAL HOTEL AND CONVENTION CENTER PROJECTS

23           Sec. 351.151. DEFINITIONS. In this subchapter:

24           (1) "Infrastructure" includes:

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

27                   (B) a fresh, reuse, or alternative water supply

1 system, sanitary sewer system, and storm drainage system;

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

4 (D) signage, landscaping, and hardscaping; and

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

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

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

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

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

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

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

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

26 (3) "Qualified hotel" means a hotel that is designated  
27 by a municipality to which this subchapter applies as the hotel that

1 is part of a qualified project. A qualified hotel:

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

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

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

13 (i) are constructed at the same time;

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

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

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

19 (A) to:

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

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

24 (B) that may include:

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

27 (a) a restaurant, bar, retail

1 establishment, or spa located in a qualified convention center  
2 facility or qualified hotel or connected to a qualified convention  
3 center facility or qualified hotel, including by a covered walkway;  
4 or

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

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

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

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

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

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

23 (1) a municipality described by Section  
24 351.001(7)(B);

25 (2) a municipality described by Section  
26 351.001(7)(D);

27 (3) a municipality described by Section

1 351.001(7)(E);

2 (4) a municipality described by Section

3 351.102(e)(3);

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

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

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

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

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

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

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

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

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

27 (12) a municipality with a population of 110,000 or



1 more but less than 135,000 at least part of which is located in a  
2 county with a population of less than 135,000;

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

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

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

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

13 (B) borders Lake Lewisville;

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

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

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

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

22 (17) a municipality with a population of less than  
23 6,000 that:

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

27 (B) is partially located in a county with a

1 population of 1.8 million or more that is adjacent to a county with  
2 a population of two million or more;

3 (C) has a visitor center and museum located in a  
4 19th-century rock building in the municipality's downtown; and

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

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

8 (A) borders Lake Ray Hubbard; and

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

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

13 (A) borders Clear Lake; and

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

16 (20) a municipality with a population of less than  
17 2,000 that:

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

20 (B) is located in a county with a population of  
21 290,000 or more that is adjacent to a county with a population of  
22 four million or more; and

23 (C) has a boardwalk on the bay;

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

26 (A) is located wholly in one county with a  
27 population of 575,000 or more that is adjacent to a county with a

1 population of four million or more; and

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

4 (22) a municipality with a population of less than  
5 75,000 that is located in three counties, at least one of which has  
6 a population of four million or more;

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

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

11 (A) is located in three counties; and

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

14 (25) a municipality that is:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17           (32) a municipality with a population of less than  
18 25,000 that contains a museum of Western American art;

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

22           (34) a municipality with a population of less than  
23 25,000 that:

24                   (A) contains a cultural heritage museum; and

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

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

1 that:

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

3 (B) is adjacent to a county with a population of  
4 1.8 million or more; and

5 (C) hosts an annual peach festival;

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

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

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

11 (37) a municipality with a population of less than  
12 10,000 that:

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

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

17 (38) a municipality with a population of less than  
18 6,100 that:

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

21 (B) hosts an annual Cajun Festival;

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

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

25 (B) is located in a county:

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

27 and

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

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

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

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

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

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

15                    Sec. 351.153. EXCEPTION TO OWNERSHIP REQUIREMENT. (a)  
16 This section applies only to a municipality described by Section  
17 351.152(6) or (29).

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

21                    (c) Section 351.151(3)(A) does not apply to a hotel that  
22 otherwise meets the requirements of a qualified hotel under Section  
23 351.151.

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

27                    Sec. 351.155. PLEDGE OR COMMITMENT OF CERTAIN TAX REVENUE

1 FOR OBLIGATIONS FOR QUALIFIED PROJECT. (a) In addition to the  
2 authority of a municipality to issue debt under Chapter 1504,  
3 Government Code, a municipality may pledge or commit the revenue  
4 derived from the tax imposed under this chapter from a qualified  
5 hotel and the revenue to which the municipality is entitled under  
6 Section 351.156 and, if applicable, Section 351.157 for the payment  
7 of:

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

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

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

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

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

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

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

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

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

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

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

17 and

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

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

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

25                       (C) the mixed beverage tax issued under Section  
26 183.051.

27       Sec. 351.157. ADDITIONAL ENTITLEMENT FOR CERTAIN



1 MUNICIPALITIES. (a) In this section, "qualified establishment"  
2 means an establishment:

3 (1) that is located on land:

4 (A) owned by a municipality; or

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

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

10 (3) that is constructed:

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

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

15 (4) that is not a sports stadium; and

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

19 (b) This section applies only to:

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

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

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

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

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

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

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

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

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

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

3 and

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

5           (c) A municipality is entitled to receive revenue under  
6 Subsection (d) derived from the following types of establishments  
7 that meet the requirements of Subsections (a)(1), (2), (3), and  
8 (4):

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

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

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

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

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

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

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

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

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

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

27           (7) for a municipality described by Subsection (b)(7),

1 restaurants, bars, and retail establishments;

2 (8) for a municipality described by Subsection (b)(8),

3 restaurants, bars, and retail establishments;

4 (9) for a municipality described by Subsection (b)(9),

5 restaurants, bars, and retail establishments;

6 (10) for a municipality described by Subsection

7 (b)(10):

8 (A) restaurants, bars, and retail

9 establishments; and

10 (B) swimming pools and swimming facilities owned

11 or operated by the related qualified hotel; and

12 (11) for a municipality described by Subsection

13 (b)(11):

14 (A) restaurants, bars, and retail

15 establishments; and

16 (B) swimming pools and swimming facilities owned

17 or operated by the related qualified hotel.

18 (d) Subject to Subsection (e), in addition to the revenue to

19 which the municipality is entitled under Section 351.156, a

20 municipality to which this section applies is entitled to receive

21 the revenue derived from the following taxes generated, paid, and

22 collected from a qualified establishment located in the

23 municipality:

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

25 and

26 (2) the mixed beverage tax issued under Section

27 183.051, if the political subdivision that is entitled to receive

1 the revenue from the tax agrees in writing to the municipality  
2 receiving that revenue.

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

7 Sec. 351.158. PERIOD OF ENTITLEMENT. A municipality is  
8 entitled to receive revenue as provided by Sections 351.156 and  
9 351.157 until the 10th anniversary of the date the qualified hotel  
10 to which the entitlement relates is open for initial occupancy.

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

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

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

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

26 SECTION 11. The changes in law made to Subchapter B, Chapter  
27 351, Tax Code, by this Act apply only to a hotel project described

1 by Section 351.102(b), Tax Code, as amended by this Act, for which a  
2 municipality by ordinance or resolution first authorizes the  
3 issuance of bonds or other obligations, executes an agreement under  
4 Chapter 380, Local Government Code, or executes an interlocal  
5 agreement directly related to the project that is secured by a  
6 pledge or commitment of revenue under that subsection for the  
7 project on or after the effective date of this Act. A hotel project  
8 described by Section 351.102(b), Tax Code, for which a municipality  
9 by ordinance or resolution first authorized the issuance of bonds  
10 or other obligations, executed an agreement under Chapter 380,  
11 Local Government Code, or executed an interlocal agreement directly  
12 related to the project that is secured by a pledge or commitment of  
13 revenue under that subsection for the project before the effective  
14 date of this Act is governed by the law in effect when the ordinance  
15 was adopted or the agreement was executed, and that law is continued  
16 in effect for purposes of those hotel projects.

17 SECTION 12. Subchapter C, Chapter 351, Tax Code, as added by  
18 this Act, applies only to a qualified project as defined by Section  
19 351.151, Tax Code, as added by this Act, for which a municipality by  
20 ordinance or resolution first authorizes the issuance of bonds or  
21 other obligations, executes or amends an agreement under Chapter  
22 380, Local Government Code, or executes or amends an interlocal  
23 agreement directly related to the qualified project that is secured  
24 by a pledge or commitment of revenue under Subchapter C, Chapter  
25 351, Tax Code, for the project on or after the effective date of  
26 this Act.

27 SECTION 13. The changes in law made by this Act do not

1 affect the validity of a bond, other obligation, or contractual  
2 obligation for which revenue was pledged or committed under Section  
3 [351.102](#), Tax Code, before the effective date of this Act. Bonds,  
4 other obligations, or contractual obligations for which revenue was  
5 pledged or committed before the effective date of this Act are  
6 governed by the law in effect when the revenue was pledged or  
7 committed, and that law is continued in effect for purposes of the  
8 validity of those bonds, obligations, and contractual obligations.

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

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President of the Senate

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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