

By: Anchia, Bonnen of Galveston, Zerwas,
Moody, Turner of Tarrant, et al.

H.B. No. 4347

Substitute the following for H.B. No. 4347:

By: Murphy

C.S.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. Sections 351.102(b), (c), and (e), Tax Code, are
7 amended to read as follows:

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

1 shops, street and water and sewer infrastructure necessary for the
2 operation of the hotel or ancillary facilities, and parking
3 facilities within 1,000 feet of the hotel or convention center
4 facility. ~~[A municipality with a population of 173,000 or more that
5 is located within two or more counties may pledge for the payment of
6 bonds or other obligations described by this subsection the revenue
7 derived from the tax imposed under this chapter from a hotel project
8 not owned by or located on land owned by the municipality if the
9 project is located on land that is owned by the federal government
10 and the project is located within 1,000 feet of a convention center
11 facility owned by the municipality.]~~ For bonds or other
12 obligations issued under this subsection, ~~[an eligible central
13 municipality or]~~ a municipality described by ~~[this subsection or]~~
14 Subsection (e) may only pledge revenue or other assets of the hotel
15 project benefiting from those bonds or other obligations.

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

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

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

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

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

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

13 (B) was approved by the voters of the
14 municipality as a sports and community venue project under Chapter
15 334, Local Government Code; and

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

19 [~~(2) a municipality with a population of at least~~
20 ~~9,000 but not more than 10,000 that is located in two counties, each~~
21 ~~of which has a population of at least 662,000 and a southern border~~
22 ~~with a county with a population of 2.3 million or more;~~

23 [~~(3) a municipality with a population of at least~~
24 ~~200,000 but not more than 300,000 that contains a component~~
25 ~~institution of the Texas Tech University System;~~

26 [~~(4) a municipality with a population of at least~~
27 ~~95,000 that borders Lake Lewisville;~~

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

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

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

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

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

9 ~~[(6) a municipality with a population of less than~~
10 ~~6,000 that:~~

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

14 ~~[(B) has full-time police and fire departments,~~
15 ~~and~~

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

18 ~~[(7) a municipality with a population of at least~~
19 ~~56,000 that:~~

20 ~~[(A) borders Lake Ray Hubbard, and~~

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

23 ~~[(8) a municipality with a population of more than~~
24 ~~83,000, that borders Clear Lake, and that is primarily located in a~~
25 ~~county with a population of less than 300,000,~~

26 ~~[(9)] a municipality with a population of less than~~
27 ~~2,000 that:~~

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

3 (B) is located in a county with a population of
4 290,000 or more that is adjacent to a county with a population of
5 four million or more; and

6 (C) has a boardwalk on the bay[+
7 ~~[(10) a municipality with a population of 75,000 or~~
8 ~~more that:~~

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

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

14 ~~[(11) a municipality with a population of less than~~
15 ~~75,000 that is located in three counties, at least one of which has~~
16 ~~a population of at least four million; and~~

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

19 SECTION 2. Section 351.102(d), Tax Code, is redesignated as
20 Section 351.1063, Tax Code, and amended to read as follows:

21 Sec. 351.1063. ALLOCATION OF REVENUE FOR ADVERTISING AND
22 PROMOTION: CERTAIN MUNICIPALITIES WITH CERTAIN PROJECTS. (a) This
23 section applies only to a municipality described by Section
24 351.102(e) or 351.152, other than an eligible central municipality
25 described by Section 351.001(7)(D).

26 (b) A ~~[(d) Except as provided by this subsection, an~~
27 ~~eligible central] municipality [or another municipality described~~

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

14 SECTION 3. Section 351.102(f), Tax Code, is redesignated as
15 Section 351.1064, Tax Code, and amended to read as follows:

16 Sec. 351.1064. ALLOCATION OF REVENUE FOR CERTAIN SPORTING
17 EVENT EXPENSES: CERTAIN MUNICIPALITIES WITH QUALIFIED PROJECT. (a)
18 This section applies only to a municipality with a population of
19 200,000 or more but less than 300,000 that contains a component
20 institution of the Texas Tech University System.

21 (b) [~~(f)] A municipality [~~described by Subsection (e)(3)]~~
22 that uses revenue derived from the tax imposed under this chapter or
23 funds received under Section 351.156 [~~Subsection (e)]~~ for repayment
24 of bonds or other obligations issued or incurred for a qualified
25 [~~hotel]~~ project under Section 351.155 [~~described by Subsection (b)]~~
26 may not, in a fiscal year that begins after [~~construction of]~~ the
27 qualified [~~hotel]~~ project is complete and during any part of which~~

1 the bonds or other obligations are outstanding, reduce the amount
2 of revenue derived from the tax imposed under this chapter and
3 allocated for a purpose described by Section 351.101(a)(6) to an
4 amount that is less than the sum of:

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

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

12 SECTION 4. Subchapter B, Chapter 351, Tax Code, is amended
13 by adding Section 351.1021 to read as follows:

14 Sec. 351.1021. PLEDGE FOR BONDS BY CERTAIN MUNICIPALITIES.

15 (a) In this section:

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

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

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

22 (B) is:

23 (i) leased by an eligible municipality; or

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

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

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

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

6 (3) "Multipurpose convention center facility project"
7 means a project that consists of a hotel owned by an eligible
8 municipality or another person and a multipurpose convention center
9 facility to be acquired, constructed, equipped, or leased by the
10 municipality, the nearest exterior wall of which is located not
11 more than 2,500 feet from the nearest exterior wall of the hotel. A
12 multipurpose convention center facility project may include:

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

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

25 (b) An eligible municipality or local government
26 corporation acting on behalf of an eligible municipality is
27 entitled to receive all funds from a multipurpose convention center

1 facility project that the owner of a project could receive under
2 Section 151.429(h) of this code or Section 2303.5055, Government
3 Code, if a project for purposes of those provisions included a
4 multipurpose convention center facility project.

5 (c) An eligible municipality may pledge the funds to which
6 the municipality is entitled as provided by Subsection (b) for the
7 payment of bonds or other obligations issued or incurred to
8 acquire, lease, construct, or equip the multipurpose convention
9 center facility project.

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

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

19 SECTION 5. Subchapter B, Chapter 351, Tax Code, is amended
20 by adding Section 351.1022 to read as follows:

21 Sec. 351.1022. PLEDGE FOR BONDS BY CERTAIN MUNICIPALITIES
22 WITH SPORTS STADIUMS. (a) This section applies only to a
23 municipality described by Section 351.102(e)(3).

24 (b) A municipality is entitled to receive all funds from a
25 hotel project described by Section 351.102(b) that an owner of a
26 project may receive under Section 151.429(h) of this code or
27 Section 2303.5055, Government Code, and all tax revenue collected

1 under Chapter 183 by or from all permittees at the hotel project,
2 excluding revenue disbursed by the comptroller under Section
3 183.051(b).

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

9 (d) Notwithstanding any other law, the municipality is
10 entitled to receive the funds for a period of 30 years beginning on
11 the date the hotel project is open for initial occupancy.

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

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

21 SECTION 6. Chapter 351, Tax Code, is amended by adding
22 Subchapter C to read as follows:

23 SUBCHAPTER C. MUNICIPAL HOTEL AND CONVENTION CENTER PROJECTS

24 Sec. 351.151. DEFINITIONS. In this subchapter:

25 (1) "Infrastructure" includes:

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

1 (B) a fresh water supply system, sanitary sewer
2 system, and storm drainage system;

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

5 (D) 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;

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

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

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

27 (A) be located on land owned by the designating

1 municipality; and

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

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

7 (A) to:

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

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

12 (B) that may include:

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

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

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

24 (ii) acquiring, constructing, repairing,
25 remodeling, or expanding infrastructure located:

26 (a) within the property lines of a
27 qualified convention center facility or qualified hotel; or

1 (b) not more than 1,000 feet from the
2 nearest property line of the facility or hotel; or

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

6 (5) "Retail establishment" means a retail store that
7 primarily sells tangible personal property.

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

10 (1) a municipality described by Section
11 351.001(7)(B);

12 (2) a municipality described by Section
13 351.001(7)(D);

14 (3) a municipality described by Section
15 351.001(7)(E);

16 (4) a municipality described by Section
17 351.102(e)(3);

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

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

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

27 (8) a municipality with a population of 180,000 or

1 more that:

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

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

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

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

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

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

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

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

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

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

27 (B) borders Lake Lewisville;

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

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

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

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

9 (17) a municipality with a population of less than
10 6,000 that:

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

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

17 (C) has a visitor center and museum located in a
18 19th-century rock building in the municipality's downtown; and

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

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

22 (A) borders Lake Ray Hubbard; and

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

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

27 (A) borders Clear Lake; and

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

3 (20) a municipality with a population of less than
4 2,000 that:

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

7 (B) is located in a county with a population of
8 290,000 or more that is adjacent to a county with a population of
9 four million or more; and

10 (C) has a boardwalk on the bay;

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

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

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

18 (22) a municipality with a population of less than
19 75,000 that is located in three counties, at least one of which has
20 a population of four million or more;

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

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

25 (A) is located in three counties; and

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

1 (25) a municipality that is:

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

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

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

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

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

11 (27) a municipality with a population of 70,000 or
12 more but less than 85,000 that is located in two counties, one of
13 which has a population of four million or more and the other of
14 which has a population of less than 50,000;

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

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

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

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

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

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

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

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

4 (32) a municipality with a population of less than
5 25,000 that contains a museum of Western American art;

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

9 (34) a municipality with a population of less than
10 25,000 that:

11 (A) contains a cultural heritage museum; and

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

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

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

17 (B) is adjacent to a county with a population of
18 1.8 million or more; and

19 (C) hosts an annual peach festival;

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

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

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

25 (37) a municipality with a population of less than
26 10,000 that:

27 (A) contains a component university of The Texas

1 A&M University System; and

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

4 (38) a municipality with a population of less than
5 6,100 that:

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

8 (B) hosts an annual Cajun Festival;

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

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

12 (B) is located in a county:

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

14 and

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

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

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

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

23 Sec. 351.153. EXCEPTION TO OWNERSHIP REQUIREMENT. (a)
24 This section applies only to a municipality described by Section
25 351.152(6) or (29).

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

1 facility under Section 351.151.

2 (c) Section 351.151(3)(A) does not apply to a hotel that
3 otherwise meets the requirements of a qualified hotel under Section
4 351.151.

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

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

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

17 (2) contractual obligations under a contract
18 authorized by Chapter 380, Local Government Code, for the qualified
19 project.

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

25 (c) A municipality may pledge revenue under this section for
26 only one qualified project. After a municipality pledges revenue
27 under this section for a qualified project, the municipality may

1 not ever again pledge revenue for a qualified project.

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

4 (e) A municipality is not entitled to receive funds from a
5 qualified project under this subchapter unless the municipality has
6 pledged a portion of the revenue derived from the tax imposed under
7 this chapter from the project for the payment of bonds, other
8 obligations, or contractual obligations described by Subsection
9 (a) and issued or incurred for the project.

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

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

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

18 and

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

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

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

26 (C) the mixed beverage tax issued under Section
27 183.051.

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

4 (1) is located:

5 (A) on land owned by a municipality; and

6 (B) not more than 1,000 feet from the nearest
7 exterior wall of a qualified hotel or qualified convention center
8 facility;

9 (2) is constructed on or after the date the
10 municipality commences a qualified project under this subchapter;

11 (3) is not a sports stadium; and

12 (4) is the type of establishment described by
13 Subsection (c) from which the municipality is entitled to receive
14 revenue under Subsection (d).

15 (b) This section applies only to:

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

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

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

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

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

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

22 (7) a municipality described by Section 351.152(34);

23 (8) a municipality described by Section 351.152(35);

24 (9) a municipality described by Section 351.152(36);

25 and

26 (10) a municipality described by Section 351.152(38).

27 (c) A municipality is entitled to receive revenue under

1 Subsection (d) derived from the following types of establishments
2 that meet the requirements of Subsections (a)(1), (2), and (3):

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

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

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

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

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

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

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

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

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

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

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

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

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

1 restaurants, bars, and retail establishments; and

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

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

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

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

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

17 (2) the mixed beverage tax issued under Section
18 183.051, if the political subdivision that is entitled to receive
19 the revenue from the tax agrees in writing to the municipality
20 receiving that revenue.

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

25 Sec. 351.158. PERIOD OF ENTITLEMENT. A municipality is
26 entitled to receive revenue as provided by Sections 351.156 and
27 351.157 until the 10th anniversary of the date the qualified hotel

1 to which the entitlement relates is open for initial occupancy.

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

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

13 SECTION 7. Sections 351.102(b-1), (c-1), and (g), Tax Code,
14 are repealed.

15 SECTION 8. The comptroller of public accounts may adopt
16 rules as necessary to administer this Act.

17 SECTION 9. The changes in law made to Subchapter B, Chapter
18 351, Tax Code, by this Act apply only to a hotel project described
19 by Section 351.102(b), Tax Code, as amended by this Act, for which a
20 municipality by ordinance first authorizes the issuance of bonds or
21 other obligations secured by a pledge of revenue under that
22 subsection for the project on or after the effective date of this
23 Act. A hotel project described by Section 351.102(b), Tax Code, for
24 which a municipality by ordinance first authorized the issuance of
25 bonds or other obligations secured by a pledge of revenue under that
26 subsection for the project before the effective date of this Act is
27 governed by the law in effect when the ordinance was adopted, and

1 that law is continued in effect for purposes of those hotel
2 projects.

3 SECTION 10. 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, or executes an agreement under Chapter 380, Local
8 Government Code, secured by a pledge of revenue under Subchapter C,
9 Chapter 351, Tax Code, for the project on or after the effective
10 date of this Act.

11 SECTION 11. The changes in law made by this Act do not
12 affect the validity of a bond or other obligation for which revenue
13 was pledged under Section 351.102, Tax Code, before the effective
14 date of this Act. Bonds or other obligations for which revenue was
15 pledged before the effective date of this Act are governed by the
16 law in effect when the revenue was pledged, and that law is
17 continued in effect for purposes of the validity of those bonds and
18 obligations.

19 SECTION 12. This Act takes effect September 1, 2019.