

By: Anchia

H.B. No. 4347

A BILL TO BE ENTITLED

AN ACT

relating to the use of certain tax revenue by certain municipalities for the payment of job training programs and the development of hotel and convention center projects.

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

SECTION 1. Subtitle A, Title 10, Local Government Code, is amended by adding Chapter 310 to read as follows:

SECTION 1. CHAPTER 310. QUALIFIED MUNICIPAL HOTEL AND CONVENTION CENTER PROJECTS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 310.001. DEFINITIONS. In this chapter:

(1) "Qualified convention center facility" means a convention center facility as defined by Section 351.001, Tax Code, that:

(A) is owned by a municipality,

(B) has been constructed or will be constructed in conjunction with the acquisition, lease, construction, repair, remodel or equipping of a hotel that is part of a qualified hotel project, and

(C) contains at least 4,000 square feet of meeting space.

(2) "Eligible central municipality" and "eligible coastal municipality" have the meanings assigned by Section 351.001, Tax Code.

1 (3) "Hotel" has the meaning assigned by Section
2 156.001, Tax Code.

3 (4) "Qualified hotel project" means a project to
4 acquire, lease, construct, repair, remodel, expand or equip:

5 (A) a hotel connected to a qualified convention
6 center facility or not more than 1,000 feet as measured from the
7 closest exterior wall of a qualified convention center facility and
8 a hotel; and

9 (B) subject to the limitation of Section 310.103,
10 a facility or business located on the same tract of land as a
11 qualified convention center facility that is included in a plan for
12 the development of a qualified hotel project submitted to a
13 municipality but located no more than 1,500 feet from the closest
14 exterior wall of a qualified convention center facility or hotel
15 regardless of who owns the facility, the business or the real
16 property.

17 (5) "Qualified municipality" means a municipality
18 described by Subchapter D.

19 (6) "Revenue" has the meaning assigned by Section
20 351.001, Tax Code.

21 Sec. 310.002. NONPROFIT CORPORATION AS MUNICIPAL AGENT. A
22 qualified municipality may authorize a nonprofit corporation to act
23 on behalf of the municipality for any purpose under this chapter.

24 Sec. 310.004. RULES. The comptroller may adopt rules as
25 necessary to administer this chapter.

26 SUBCHAPTER B. AUTHORITY TO ISSUE BONDS AND PLEDGE CERTAIN TAX

27 REVENUE FOR OBLIGATIONS

1 Sec. 310.051. AUTHORITY TO ISSUE BONDS AND PLEDGE OF
2 CERTAIN TAX REVENUE FOR OBLIGATIONS FOR QUALIFIED HOTEL PROJECTS
3 AND CONVENTION CENTER FACILITY.

4 (a) Notwithstanding Chapters 1504 or 1508, Government Code,
5 a qualified municipality may issue bonds or other obligations and
6 may pledge the revenue derived from the tax imposed under Chapter
7 351, Tax Code, from a qualified hotel project and the revenue to
8 which the qualified municipality is entitled under Section 310.101
9 for:

10 (1) the cost of workforce training, job creation and
11 job-training programs associated with employees at a qualified
12 hotel project;

13 (2) advertising and conducting solicitations and
14 promotional programs to attract tourists and convention delegates
15 or registrants to the municipality; and

16 (3) the payment of bonds or other obligations issued
17 or incurred to acquire, lease, construct, repair, remodel, or
18 equip:

19 (A) the hotel that is part of the qualified hotel
20 project;

21 (B) a facility or business described by Section
22 310.001(4)(B);

23 (C) a qualified convention center facility
24 described by Section 310.001(1)(B) that will be located not more
25 than the distance specified by Section 310.001(4)(A) from the hotel
26 that is part of the qualified hotel project;

27 (D) land where a qualified hotel project will be

1 located;

2 (E) parking facilities that support the
3 qualified hotel project or qualified convention center; or

4 (F) infrastructure including water, sewer,
5 streets, sidewalks, walkways, trails, plazas that support the hotel
6 project.

7 (c) A qualified municipality may pledge revenue from or
8 other assets of a qualified hotel project for the payment of bonds
9 or other obligations issued or incurred only if the qualified hotel
10 project benefits from those bonds or other obligations.

11 Sec. 310.056. SUBMISSION OF INFORMATION. (a) The
12 comptroller by rule may establish the information a qualified
13 municipality must submit in a request made under this section.

14 (b) The comptroller may require a municipality to submit
15 information prepared by a registered professional land surveyor to
16 satisfy the distance specified by this Chapter.

17 SUBCHAPTER C. RECEIPT AND USE OF CERTAIN TAX REVENUE

18 Sec. 310.101. ENTITLEMENT TO CERTAIN TAX REVENUE. (a)
19 Except as otherwise provided by this chapter, this section applies
20 only to a qualified municipality described by Subchapter D.

21 (b) Subject to the limitation in Sections 310.102, 310.103,
22 and 310.104, a qualified municipality is entitled to receive the
23 revenue derived from the following taxes generated, paid, and
24 collected by a qualified hotel project including each facility or
25 business located in a qualified hotel project located in a
26 qualified municipality:

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

1 Tax Code but not including sales if the customer did not take
2 possession or consume the good;

3 (2) the hotel occupancy tax imposed under Chapter 156,
4 Tax Code; and

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

8 (A) the sales and use tax imposed by the
9 political subdivision under Chapter 322 or 323, Tax Code;

10 (B) the hotel occupancy tax imposed by the
11 political subdivision under Chapter 352, Tax Code;

12 (C) the municipal portion of the mixed beverage
13 tax imposed under Chapter 183, Tax Code; and

14 (D) the ad valorem tax imposed by the political
15 subdivision under Title 1, Tax Code.

16 Sec. 310.102. PERIOD OF ENTITLEMENT. A qualified
17 municipality is entitled to receive revenue under this subchapter
18 from a qualified hotel project until the 10th anniversary of the
19 date the hotel that is part of the qualified hotel project is open
20 for initial occupancy.

21 Sec. 310.103. NEW COMMERCIAL DEVELOPMENT IN A QUALIFIED
22 HOTEL PROJECT (a) If the construction of a facility or business
23 located in a qualified hotel project occurs:

24 (1) no earlier than twenty-four months before the date
25 a qualified hotel project is open for initial occupancy; or

26 (2) before the 10th anniversary of the date the hotel
27 opens for initial occupancy, a qualified municipality is entitled

1 to receive:

2 (A) twenty percent of the sales and use tax
3 imposed under Chapter 151, Tax Code and one hundred percent of the
4 municipal portion of the mixed beverage tax imposed under Chapter
5 183, Tax Code generated, paid, and collected by each facility or
6 business in a qualified hotel project located in the qualified
7 municipality in the first and second year in which the qualified
8 hotel is open for initial occupancy; and

9 (B) eighty percent of the sales and use tax
10 imposed under Chapter 151, Tax Code and one hundred percent of the
11 municipal portion of the mixed beverage tax imposed under Chapter
12 183, Tax Code generated, paid, and collected by each facility or
13 business in a qualified hotel project located in the qualified
14 municipality during the third through tenth years the qualified
15 hotel is open for initial occupancy.

16 Sec 310.104. EXISTING COMMERCIAL DEVELOPMENT IN A QUALIFIED
17 HOTEL. (a) If a facility or business located in qualified hotel
18 project was constructed more than twenty-four months before the
19 date the qualified hotel opens for initial occupancy, a qualified
20 municipality is not entitled to receive revenue under this
21 subchapter for the taxes generated by that facility or business.

22 Sec. 310.105. LIMITATION ON ENTITLEMENT; USE OF REVENUE. A
23 qualified municipality may use the revenue received under this
24 subchapter for the payment of bonds or other obligations issued or
25 incurred for a qualified hotel project, except that the qualified
26 municipality is only entitled to receive the revenue if the
27 qualified municipality pledges a portion of the revenue derived

1 from the tax imposed under Chapter 351, Tax Code, from the hotel
2 that is part of the qualified hotel project for the payment of bonds
3 or other obligations issued or incurred for the qualified hotel
4 project.

5 Sec. 310.106. DEPOSIT OF REVENUE. Notwithstanding any
6 other law, the comptroller shall deposit the revenue from the taxes
7 described by Section 310.101(b) that were collected by or forwarded
8 to the comptroller in trust in a separate suspense account of the
9 qualified hotel project. The suspense account is outside the state
10 treasury and the comptroller may make a payment authorized by this
11 subchapter without the necessity of an appropriation.

12 Sec. 310.107. APPLICATION FOR PAYMENT. The comptroller by
13 rule shall establish the requirements and procedures by which a
14 qualified municipality may apply for a payment authorized by this
15 subchapter.

16 Sec. 310.108. QUARTERLY PAYMENTS. The comptroller shall
17 pay to each qualified municipality the revenue to which the
18 municipality is entitled under this subchapter at least quarterly.

19 Sec. 310.109. PLEDGE OF CERTAIN TAX REVENUE BY POPULOUS
20 MUNICIPALITIES FOR OBLIGATIONS FOR CERTAIN HOTELS. (a) This
21 section applies only to a municipality with a population of 1.5
22 million or more.

23 (b) Subject to the limitations provided by this section and
24 Subchapter B, Chapter 351, Tax Code, a municipality may pledge the
25 revenue derived from the tax imposed under Chapter 351, Tax Code,
26 for the payment of the principal of or interest on bonds or other
27 obligations of a municipally sponsored local government

1 corporation created under Chapter 431, Transportation Code, issued
2 to pay the cost of:

3 (1) acquisition and construction of a convention
4 center hotel; or

5 (2) acquisition, remodeling, or rehabilitation of a
6 historic hotel structure.

7 (c) A municipality may pledge under this section only
8 revenue that is collected at the hotel for which the revenue is
9 pledged.

10 Sec. 310.110. PLEDGE OF CERTAIN TAX REVENUE FOR OBLIGATIONS
11 FOR HOTEL AND CONVENTION CENTER PROJECT. (a) In this section,
12 "hotel and convention center project" means a project that is:

13 (1) an existing hotel owned by a municipality or
14 another person; and

15 (2) a convention center facility to be acquired,
16 constructed, equipped, or leased.

17 (b) This section applies only to a municipality that:

18 (1) is the county seat of a county that:

19 (A) borders the United Mexican States;

20 (B) has a population of less than 300,000; and

21 (C) contains one or more municipalities with a
22 population of 200,000 or more; and

23 (2) holds an annual jalapeno festival.

24 (c) A municipality is entitled to receive all revenue from a
25 hotel and convention center project that a municipality is entitled
26 to receive under Section 310.101 if a project for purposes of that
27 section included a hotel and convention center project. The

1 municipality may pledge the revenue for payment of obligations
2 issued for the hotel and convention center project.

3 Sec. 310.111. LIMITATION ON AUTHORITY OF CERTAIN
4 MUNICIPALITIES TO PLEDGE CERTAIN TAX REVENUE FOR OBLIGATIONS. (a)
5 This section applies only to a municipality described by Section
6 310.101(a)(6) that is not an eligible central municipality.

7 (b) A municipality may not pledge revenue under Section
8 310.051 for a hotel project after the earlier of:

9 (1) the 20th anniversary of the date the municipality
10 first pledged the revenue for the hotel project; or

11 (2) the date the revenue pledged for the hotel project
12 equals 40 percent of the hotel project's total construction cost.

13 SUBCHAPTER D. QUALIFIED MUNICIPALITIES

14 Section 310.101(a) A qualified municipality means:

15 (1) a municipality with a population of more than
16 140,000 but less than 1.5 million that:

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

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

21 (2) a municipality with a population of 250,000 or
22 more that:

23 (A) is located wholly or partly on a barrier
24 island that borders the Gulf of Mexico;

25 (B) is located in a county with a population of
26 300,000 or more; and

27 (C) has adopted a capital improvement plan to

1 expand an existing convention center facility;

2 (3) a municipality with a population of 116,000 or
3 more that:

4 (A) is located in two counties both of which have
5 a population of 660,000 or more; and

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

8 (4) a municipality with a population of less than
9 50,000 that contains a general academic teaching institution that
10 is not a component institution of a university system, as those
11 terms are defined by Section 61.003, Education Code;

12 (5) a municipality with a population of 640,000 or
13 more that:

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

15 (B) 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 173,000 or
18 more that is located within two or more counties;

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

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

24 (9) a municipality with a population of at least
25 99,900 but not more than 111,000 that is located in a county with a
26 population of 135,000 or more;

27 (10) a municipality with a population of at least

1 110,000 but not more than 135,000 at least part of which is located
2 in a county with a population of not more than 135,000;

3 (11) a municipality with a population of at least
4 9,000 but not more than 10,000 that is located in two counties, each
5 of which has a population of 662,000 or more and a southern border
6 with a county with a population of 2.3 million or more;

7 (12) a municipality with a population of at least
8 200,000 but not more than 300,000 that contains a component
9 institution of the Texas Tech University System;

10 (13) a municipality with a population of 95,000 or
11 more that borders Lake Lewisville;

12 (14) a municipality that:

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

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

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

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

20 (15) a municipality with a population of less than
21 6,000 that:

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

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

26 and

27 (C) has adopted a capital improvement plan for

1 the construction or expansion of a convention center facility;

2 (16) a municipality with a population of 56,000 or
3 more that:

4 (A) borders Lake Ray Hubbard; and

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

7 (17) a municipality with a population of more than
8 83,000 that:

9 (A) borders Clear Lake; and

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

12 (18) a municipality with a population of less than
13 2,000 that:

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

16 (B) is located in a county with a population of
17 290,000 or more that is adjacent to a county with a population of
18 four million or more; and

19 (C) has a boardwalk on the bay;

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

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

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

27 (20) a municipality with a population of less than

1 75,000 that is located in three counties, at least one of which has
2 a population of four million or more;

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

5 (22) a municipality with a population of 65,200 or
6 more that:

7 (A) is located in a county with a population of
8 449,000 or more; and

9 (B) contains a portion of Lake Conroe and hosts
10 an annual catfish festival;

11 (23) a municipality with a population of 22,300 or
12 more that:

13 (A) is located in a county with a population of
14 49,600 or more; and

15 (B) contains a portion of the Guadalupe River and
16 the Kerrville Schreiner park;

17 (24) a municipality with a population of 6,100 or less
18 that:

19 (A) is located in two counties one with a
20 population of 788,400 or more and the other county with a population
21 of 666,700 or more; and

22 (B) contains a portion of state highway 289;

23 (25) 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 (26) a municipality that is the county seat of a county
2 that has a population of 585,000 or more and is adjacent to a county
3 with a population of four million or more, except that the
4 municipality may also pledge revenue derived from the tax imposed
5 under this chapter from a hotel project that is owned by or located
6 on land owned by a nonprofit corporation or eleemosynary foundation
7 acting on behalf of or in concert with the municipality;

8 (27) a municipality that is the county seat of a county
9 that has a population of at least 585,000 and is adjacent to a
10 county with a population of four million or more; and

11 (28) a municipality with a population of 25,200 or
12 more that:

13 (A) is located in a county with a population of
14 116,500 or more that is adjacent to a county with a population of
15 1.8 million or more; and

16 (B) hosts an annual county peach festival.

17 SECTION 2. Section 351.001(2), Tax Code, is amended to read
18 as follows:

19 (2) "Convention center facility [~~facilities~~]" [~~or~~
20 ~~"convention center complex"~~] means a facility regardless if the
21 facility is a separate structure or connected to a hotel
22 ~~[facilities]~~ that is [~~are primarily~~] used to host conventions,
23 meetings and gatherings of people that enhance and promote tourism
24 and the convention and hotel industry, a [~~meetings. The term means~~]
25 civic center [~~centers~~], civic center building [~~buildings~~],
26 auditorium [~~auditoriums~~], exhibition hall [~~halls~~], or coliseum
27 [~~and coliseums~~] that is [~~are~~] owned by the municipality or other

1 governmental entity or that is [~~are~~] managed in whole or part by the
2 municipality, and including a parking area or facility that is for
3 the parking or storage of conveyances and is located at or in the
4 vicinity of a convention center facility. The term includes:

5 (A) in [~~In~~] a municipality with a population of
6 1.5 million or more:

7 (i) a hotel, the nearest property line of
8 which is located not more than [~~, "convention center facilities" or~~
9 ~~"convention center complex" means civic centers, civic center~~
10 ~~buildings, auditoriums, exhibition halls, and coliseums that are~~
11 ~~owned by the municipality or other governmental entity or that are~~
12 ~~managed in part by the municipality, hotels owned by the~~
13 ~~municipality or a nonprofit municipally sponsored local government~~
14 ~~corporation created under Chapter 431, Transportation Code,~~
15 ~~within~~] 1,000 feet of a convention center owned by the
16 municipality; and

17 (ii) [~~, or~~] a historic hotel [~~owned by the~~
18 ~~municipality or a nonprofit municipally sponsored local government~~
19 ~~corporation created under Chapter 431, Transportation Code~~], the
20 nearest property line of which is located not more than [~~within~~] one
21 mile from the nearest property line of a convention center owned by
22 the municipality;

23 (B) in an eligible central municipality, [~~The~~
24 ~~term includes parking areas or facilities that are for the parking~~
25 ~~or storage of conveyances and that are located at or in the vicinity~~
26 ~~of other convention center facilities. The term also includes~~] a
27 hotel, the nearest property line of which [~~owned by or located on~~

1 ~~land that is owned by an eligible central municipality or by a~~
2 ~~nonprofit corporation acting on behalf of an eligible central~~
3 ~~municipality and that~~ is located not more than [~~within~~] 1,000 feet
4 of another [~~a~~] convention center facility owned by the
5 municipality, except as provided by Paragraph (C); and

6 (C) in an eligible central municipality
7 described by Subdivision (7)(D), [~~The term also includes~~] a
8 hotel, the nearest property line of which [~~that is owned in part by~~
9 ~~an eligible central municipality described by Subdivision (7)(D)~~
10 ~~and that~~] is located not more than [~~within~~] 1,000 feet of another
11 [~~a~~] convention center facility. [~~For purposes of this subdivision,~~
12 ~~"meetings" means gatherings of people that enhance and promote~~
13 ~~tourism and the convention and hotel industry.~~]

14 SECTION 3. Section 351.102(a), Tax Code, is amended to read
15 as follows:

16 (a) Subject to the limitations provided by this subchapter,
17 a municipality may pledge the revenue derived from the tax imposed
18 under this chapter for:

19 (1) the payment of revenue bonds [~~that are~~] issued
20 under Section 1504.002(a), Government Code; and

21 (2) [~~for~~] one or more of the purposes provided by
22 Section 351.101 or authorized by Chapter 310, Local Government Code
23 [~~in the case of a municipality of 1,500,000 or more, for the~~
24 ~~payment of principal of or interest on bonds or other obligations of~~
25 ~~a municipally sponsored local government corporation created under~~
26 ~~Chapter 431, Transportation Code, that were issued to pay the cost~~
27 ~~of the acquisition and construction of a convention center hotel or~~

1 ~~the cost of acquisition, remodeling, or rehabilitation of a~~
2 ~~historic hotel structure; provided, however, such pledge may only~~
3 ~~be that portion of the tax collected at such hotel].~~

4 SECTION 4. Section 351.102(d), Tax Code, is redesignated as
5 Section 351.1063, Tax Code, and amended to read as follows:

6 Sec. 351.1063. ALLOCATION OF REVENUE FOR ADVERTISING AND
7 PROMOTION: CERTAIN MUNICIPALITIES WITH HOTEL PROJECT. (a) This
8 section applies only to a municipality described by Section
9 310.051, Local Government Code, other than an eligible central
10 municipality described by Section 351.001(7)(D).

11 (b) A [~~(d) Except as provided by this subsection, an~~
12 ~~eligible central] municipality [~~or another municipality described~~
13 ~~by Subsection (b) or (e)] that uses revenue derived from the tax
14 imposed under this chapter or funds received under Section 310.101,
15 Local Government Code, [Subsection (c)] for a hotel project under
16 Section 310.051, Local Government Code, [described by Subsection
17 ~~(b)]~~ may not reduce the percentage of revenue from the tax imposed
18 under this chapter and allocated for a purpose described by Section
19 351.101(a)(3) to a percentage that is less than the average
20 percentage of that revenue allocated by the municipality for that
21 purpose during the 36-month period preceding the date the
22 municipality begins using the revenue or funds for the hotel
23 project. [~~This subsection does not apply to an eligible central~~
24 ~~municipality described by Section 351.001(7)(D).~~]~~~~

25 SECTION 5. Section 351.102(f), Tax Code, is redesignated as
26 Section 351.1064, Tax Code, and amended to read as follows:

27 Sec. 351.1064. ALLOCATION OF REVENUE FOR CERTAIN SPORTING

1 EVENT EXPENSES: CERTAIN MUNICIPALITIES WITH HOTEL PROJECT. (a) This
2 section applies only to a municipality with a population of at least
3 200,000 but not more than 300,000 that contains a component
4 institution of the Texas Tech University System.

5 (b) [~~f~~] A municipality [~~described by Subsection (e)(3)~~]
6 that uses revenue derived from the tax imposed under this chapter or
7 funds received under Section 310.101, Local Government Code,
8 [~~Subsection (c)~~] for repayment of bonds or other obligations issued
9 or incurred for a hotel project under Section 310.051, Local
10 Government Code, [~~described by Subsection (b)~~] may not, in a fiscal
11 year that begins after construction of the hotel project is
12 complete and during any part of which the bonds or other obligations
13 are outstanding, reduce the amount of revenue derived from the tax
14 imposed under this chapter and allocated for a purpose described by
15 Section 351.101(a)(6) to an amount that is less than the sum of:

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

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

23 SECTION 6. Section 351.103(b), Tax Code, is amended to read
24 as follows:

25 (b) Subsection (a) does not apply to a municipality in a
26 fiscal year of the municipality if the total amount of hotel
27 occupancy tax collected by the municipality in the most recent

1 calendar year that ends at least 90 days before the date the fiscal
2 year begins exceeds \$2 million. A municipality excepted from the
3 application of Subsection (a) by this subsection shall allocate
4 hotel occupancy tax revenue by ordinance, consistent with the other
5 limitations of this section. The portion of the tax revenue
6 allocated by a municipality with a population of 1.5 million or more
7 [~~than 1.6 million~~] for the purposes provided by Section
8 351.101(a)(3) may not be less than 23 percent, except that the
9 allocation is subject to and may not impair the authority of the
10 municipality to:

11 (1) pledge all or any portion of that tax revenue to
12 the payment of bonds as provided by Section 351.102(a) of this code
13 or Section 310.109, Local Government Code, or bonds issued to
14 refund bonds secured by that pledge; or

15 (2) spend all or any portion of that tax revenue for
16 the payment of operation and maintenance expenses of convention
17 center facilities.

18 SECTION 7. Section 351.106(a), Tax Code, is amended to read
19 as follows:

20 (a) A municipality that has a population of 1.18 million or
21 more, is located predominantly in a county that has a total area of
22 less than 1,000 square miles, and [~~that~~] has adopted a
23 council-manager form of government shall use the amount of revenue
24 from the tax imposed under this chapter that is derived from the
25 application of the tax at a rate of more than four percent of the
26 cost of a room as follows:

27 (1) no more than 55 percent to:

1 (A) construct, improve, enlarge, equip, and
2 repair [~~constructing, improving, enlarging, equipping, and~~
3 ~~repairing~~] the municipality's convention center facilities
4 [~~complex~~]; or

5 (B) pledge [~~pledging~~] payment of revenue bonds
6 and revenue refunding bonds issued under Subchapter A, Chapter
7 1504, Government Code, for the municipality's convention center
8 facilities [~~complex~~]; and

9 (2) at least 45 percent for the purposes provided by
10 Section 351.101(a)(3).

11 SECTION 8. The following provisions of the Tax Code are
12 repealed:

13 (1) Sections 351.102(b), (b-1), (c), (c-1), (e), and
14 (g); and

15 (2) Section 351.106(c).

16 SECTION 9. The changes in law made by this Act apply only to
17 a hotel project as defined by Section 310.001, Local Government
18 Code, as added by this Act, for which a municipality first pledges
19 revenue for bonds or other obligations under Chapter 310 of that
20 code on or after September 1, 2017. A hotel project described by
21 Section 351.102(b), Tax Code, as repealed by this Act, for which a
22 municipality first pledges revenue for bonds or other obligations
23 before September 1, 2017, is governed by the law in effect when the
24 revenue was first pledged, and that law is continued in effect for
25 purposes of those hotel projects.

26 SECTION 10. The changes in law made by this Act do not
27 affect the validity of a bond or other obligation for which revenue

1 was pledged under 351.102, Tax Code, before January 1, 2020. Bonds
2 or other obligations for which revenue was pledged before January
3 1, 2020, are governed by the law in effect when the revenue was
4 pledged, and that law is continued in effect for purposes of the
5 validity of those bonds and obligations.

6 SECTION 11. This Act takes effect immediately if it
7 receives a vote of two-thirds of all the members elected to each
8 house, as provided by Section 39, Article III, Texas Constitution.
9 If this Act does not receive the vote necessary for immediate
10 effect, this Act takes effect September 1, 2019.