

1-1 By: Anchia, et al. (Senate Sponsor - Nelson, et al.) H.B. No. 4347  
 1-2 (In the Senate - Received from the House May 7, 2019;  
 1-3 May 10, 2019, read first time and referred to Committee on Finance;  
 1-4 May 19, 2019, reported adversely, with favorable Committee  
 1-5 Substitute by the following vote: Yeas 10, Nays 3; May 19, 2019,  
 1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11		X		
1-12		X		
1-13		X		
1-14	X			
1-15			X	
1-16	X			
1-17	X			
1-18	X			
1-19	X			
1-20	X			
1-21	X			
1-22	X			
1-23			X	

1-24 COMMITTEE SUBSTITUTE FOR H.B. No. 4347 By: Nelson

1-25 A BILL TO BE ENTITLED  
 1-26 AN ACT

1-27 relating to the authority of certain municipalities to use certain  
 1-28 tax revenue for hotel and convention center projects and other  
 1-29 qualified projects.

1-30 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-31 SECTION 1. Section 351.001, Tax Code, is amended by adding  
 1-32 Subdivision (12) to read as follows:

1-33 (12) "Retail establishment" means an establishment  
 1-34 engaged in activities described by North American Industry  
 1-35 Classification System subsector code 442, 443, 445, 446, 448, 451,  
 1-36 452, or 453.

1-37 SECTION 2. Sections 351.102(b), (c), and (e), Tax Code, are  
 1-38 amended to read as follows:

1-39 (b) ~~A municipality described by Subsection (e) [An eligible~~  
 1-40 ~~central municipality, a municipality with a population of 173,000~~  
 1-41 ~~or more that is located within two or more counties, a municipality~~  
 1-42 ~~with a population of 96,000 or more that is located in a county that~~  
 1-43 ~~borders Lake Palestine or contains the headwaters of the San~~  
 1-44 ~~Gabriel River, or a municipality with a population of at least~~  
 1-45 ~~99,900 but not more than 111,000 that is located in a county with a~~  
 1-46 ~~population of at least 135,000] may pledge the revenue derived from~~  
 1-47 ~~the tax imposed under this chapter from a hotel project that is~~  
 1-48 ~~owned by or located on land owned by the municipality or, in an~~  
 1-49 ~~eligible central municipality, by a nonprofit corporation acting on~~  
 1-50 ~~behalf of an eligible central municipality, and that is located~~  
 1-51 ~~within 1,000 feet of a qualified convention center facility, as~~  
 1-52 ~~defined by Section 351.151, owned by the municipality for the~~  
 1-53 ~~payment of bonds or other obligations issued or incurred to~~  
 1-54 ~~acquire, lease, construct, and equip the hotel and any facilities~~  
 1-55 ~~ancillary to the hotel, including convention center~~  
 1-56 ~~entertainment-related facilities, [meeting spaces,] restaurants,~~  
 1-57 ~~retail establishments [shops], street and water and sewer~~  
 1-58 ~~infrastructure necessary for the operation of the hotel or~~  
 1-59 ~~ancillary facilities, and parking facilities within 1,000 feet of~~  
 1-60 ~~the hotel or convention center facility. [A municipality with a~~

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

2-13 (c) ~~A [Except as provided by this subsection, a]~~  
2-14 ~~municipality described by [to which] Subsection [(b) or] (e)~~  
2-15 ~~[applies] is entitled to receive all funds from a project described~~  
2-16 ~~by Subsection (b) that an owner of a project may receive under~~  
2-17 ~~Section 151.429(h) of this code, or Section 2303.5055, Government~~  
2-18 ~~Code, and may pledge the funds for the payment of obligations issued~~  
2-19 ~~under this section, but only if[. A municipality described by~~  
2-20 ~~Subsection (e) is not entitled to receive funds from a project under~~  
2-21 ~~this subsection unless] the municipality has pledged the revenue~~  
2-22 ~~derived from the tax imposed under this chapter from the project for~~  
2-23 ~~the payment of bonds or other obligations issued or incurred for the~~  
2-24 ~~project.~~

2-25 (e) ~~Subsection (b) applies only [In addition to the~~  
2-26 ~~municipalities described by Subsection (b), that subsection also~~  
2-27 ~~applies] to:~~

2-28 (1) ~~a municipality with a population of two million or~~  
2-29 ~~more;~~

2-30 (2) ~~a municipality with a population of 700,000 or~~  
2-31 ~~more but less than 1.3 million;~~

2-32 (3) ~~a municipality with a population of 350,000 or~~  
2-33 ~~more but less than 450,000 in which two professional sports~~  
2-34 ~~stadiums are located, each of which:~~

2-35 (A) ~~has a seating capacity of at least 40,000~~  
2-36 ~~people; and~~

2-37 (B) ~~was approved by the voters of the~~  
2-38 ~~municipality as a sports and community venue project under Chapter~~  
2-39 ~~334, Local Government Code; and~~

2-40 (4) ~~[at least 110,000 but not more than 135,000 at~~  
2-41 ~~least part of which is located in a county with a population of not~~  
2-42 ~~more than 135,000;~~

2-43 [(2) ~~a municipality with a population of at least~~  
2-44 ~~9,000 but not more than 10,000 that is located in two counties, each~~  
2-45 ~~of which has a population of at least 662,000 and a southern border~~  
2-46 ~~with a county with a population of 2.3 million or more;~~

2-47 [(3) ~~a municipality with a population of at least~~  
2-48 ~~200,000 but not more than 300,000 that contains a component~~  
2-49 ~~institution of the Texas Tech University System;~~

2-50 [(4) ~~a municipality with a population of at least~~  
2-51 ~~95,000 that borders Lake Lewisville;~~

2-52 [(5) ~~a municipality that:~~

2-53 [(A) ~~contains a portion of Cedar Hill State Park;~~

2-54 [(B) ~~has a population of more than 45,000;~~

2-55 [(C) ~~is located in two counties, one of which has~~  
2-56 ~~a population of more than two million and one of which has a~~  
2-57 ~~population of more than 149,000; and~~

2-58 [(D) ~~has adopted a capital improvement plan for~~  
2-59 ~~the construction or expansion of a convention center facility;~~

2-60 [(6) ~~a municipality with a population of less than~~  
2-61 ~~6,000 that:~~

2-62 [(A) ~~is located in two counties each with a~~  
2-63 ~~population of 600,000 or more that are both adjacent to a county~~  
2-64 ~~with a population of two million or more;~~

2-65 [(B) ~~has full-time police and fire departments;~~  
2-66 ~~and~~

2-67 [(C) ~~has adopted a capital improvement plan for~~  
2-68 ~~the construction or expansion of a convention center facility;~~

2-69 [(7) ~~a municipality with a population of at least~~

3-1 56,000 that:  
 3-2 [~~(A) borders Lake Ray Hubbard; and~~  
 3-3 [~~(B) is located in two counties, one of which has~~  
 3-4 ~~a population of less than 80,000;~~  
 3-5 [~~(8) a municipality with a population of more than~~  
 3-6 ~~83,000, that borders Clear Lake, and that is primarily located in a~~  
 3-7 ~~county with a population of less than 300,000;~~  
 3-8 [~~(9)~~] a municipality with a population of less than  
 3-9 2,000 that:

3-10 (A) is located adjacent to a bay connected to the  
 3-11 Gulf of Mexico;

3-12 (B) is located in a county with a population of  
 3-13 290,000 or more that is adjacent to a county with a population of  
 3-14 four million or more; and

3-15 (C) has a boardwalk on the bay[+]

3-16 [~~(10) a municipality with a population of 75,000 or~~  
 3-17 ~~more that:~~

3-18 [~~(A) is located wholly in one county with a~~  
 3-19 ~~population of 575,000 or more that is adjacent to a county with a~~  
 3-20 ~~population of four million or more; and~~

3-21 [~~(B) has adopted a capital improvement plan for~~  
 3-22 ~~the construction or expansion of a convention center facility;~~

3-23 [~~(11) a municipality with a population of less than~~  
 3-24 ~~75,000 that is located in three counties, at least one of which has~~  
 3-25 ~~a population of at least four million; and~~

3-26 [~~(12) an eligible coastal municipality with a~~  
 3-27 ~~population of more than 3,000 but less than 5,000].~~

3-28 SECTION 3. Section 351.102(d), Tax Code, is redesignated as  
 3-29 Section 351.1063, Tax Code, and amended to read as follows:

3-30 Sec. 351.1063. ALLOCATION OF REVENUE FOR ADVERTISING AND  
 3-31 PROMOTION: CERTAIN MUNICIPALITIES WITH CERTAIN PROJECTS. (a) This  
 3-32 section applies only to a municipality described by Section  
 3-33 351.102(e) or 351.152, other than an eligible central municipality  
 3-34 described by Section 351.001(7)(D).

3-35 (b) A [~~(d) Except as provided by this subsection, an~~  
 3-36 ~~eligible central] municipality [~~or another municipality described~~  
 3-37 ~~by Subsection (b) or (e)] that uses revenue derived from the tax~~  
 3-38 ~~imposed under this chapter or funds received under Section~~  
 3-39 ~~351.102(c), 351.156, or 351.157 [Subsection (c)] for a hotel~~  
 3-40 ~~project under Section 351.102(b) or a qualified project under~~  
 3-41 ~~Section 351.155 [described by Subsection (b)] may not reduce the~~  
 3-42 ~~percentage of revenue from the tax imposed under this chapter and~~  
 3-43 ~~allocated for a purpose described by Section 351.101(a)(3) to a~~  
 3-44 ~~percentage that is less than the average percentage of that revenue~~  
 3-45 ~~allocated by the municipality for that purpose during the 36-month~~  
 3-46 ~~period preceding the date the municipality begins using the revenue~~  
 3-47 ~~or funds for the hotel project. [This subsection does not apply to~~  
 3-48 ~~an eligible central municipality described by Section~~  
 3-49 ~~351.001(7)(D).]~~~~

3-50 SECTION 4. Section 351.102(f), Tax Code, is redesignated as  
 3-51 Section 351.1064, Tax Code, and amended to read as follows:

3-52 Sec. 351.1064. ALLOCATION OF REVENUE FOR CERTAIN SPORTING  
 3-53 EVENT EXPENSES: CERTAIN MUNICIPALITIES WITH QUALIFIED PROJECT. (a)  
 3-54 This section applies only to a municipality with a population of  
 3-55 200,000 or more but less than 300,000 that contains a component  
 3-56 institution of the Texas Tech University System.

3-57 (b) [~~(f)] A municipality [~~described by Subsection (e)(3)]~~  
 3-58 ~~that uses revenue derived from the tax imposed under this chapter or~~  
 3-59 ~~funds received under Section 351.156 [Subsection (c)] for repayment~~  
 3-60 ~~of bonds, [or] other obligations, or contractual obligations issued~~  
 3-61 ~~or incurred for a qualified [hotel] project under Section 351.155~~  
 3-62 ~~[described by Subsection (b)] may not, in a fiscal year that begins~~  
 3-63 ~~after [construction of] the qualified [hotel] project is complete~~  
 3-64 ~~and during any part of which the bonds, [or] other obligations, or~~  
 3-65 ~~contractual obligations are outstanding, reduce the amount of~~  
 3-66 ~~revenue derived from the tax imposed under this chapter and~~  
 3-67 ~~allocated for a purpose described by Section 351.101(a)(6) to an~~  
 3-68 ~~amount that is less than the sum of:~~~~

3-69 (1) the amount of the revenue derived from the tax

4-1 imposed under this chapter and allocated by the municipality for a  
4-2 purpose described by Section 351.101(a)(6) during the fiscal year  
4-3 beginning October 1, 2016; and

4-4 (2) three percent of the amount of revenue derived  
4-5 from the tax imposed under this chapter during the fiscal year for  
4-6 which the amount required by this subsection is being determined.

4-7 SECTION 5. Subchapter B, Chapter 351, Tax Code, is amended  
4-8 by adding Section 351.1021 to read as follows:

4-9 Sec. 351.1021. PLEDGE OR COMMITMENT OF CERTAIN TAX REVENUE  
4-10 FOR CERTAIN PROJECTS. (a) In this section:

4-11 (1) "Eligible municipality" means a municipality  
4-12 described by Section 351.102(e)(4).

4-13 (2) "Multipurpose convention center facility" means a  
4-14 facility that will be constructed and, after that construction:

4-15 (A) is used to host conventions, meetings, live  
4-16 performances, and sporting events;

4-17 (B) is:

4-18 (i) leased by an eligible municipality; or

4-19 (ii) wholly owned by an eligible

4-20 municipality, and none of which is or may be owned through an  
4-21 undivided common interest;

4-22 (C) is not located in a hotel or other structure;

4-23 (D) has at least 10,000 square feet of continuous

4-24 and usable meeting space; and

4-25 (E) is configurable to simultaneously

4-26 accommodate multiple events described by Paragraph (A) of different

4-27 sizes and types.

4-28 (3) "Multipurpose convention center facility project"

4-29 means a project that consists of a hotel owned by an eligible

4-30 municipality or another person and a multipurpose convention center

4-31 facility, the nearest exterior wall of which is located not more

4-32 than 2,500 feet from the nearest exterior wall of the hotel. A

4-33 multipurpose convention center facility project may include:

4-34 (A) each new or existing business located in the

4-35 municipality, regardless of who owns the business or the property

4-36 on which the business is located, the nearest exterior wall of which

4-37 is located not more than 2,500 feet from the nearest exterior wall

4-38 of the multipurpose convention center facility or the hotel that is

4-39 part of the project;

4-40 (B) a parking shuttle or transportation system;

4-41 and

4-42 (C) any parking area or structure located in the

4-43 municipality, regardless of who owns the area or structure or the

4-44 property on which the area or structure is located, the nearest

4-45 property line of which is located not more than two miles from the

4-46 nearest exterior wall of the multipurpose convention center

4-47 facility.

4-48 (b) An eligible municipality or local government

4-49 corporation acting on behalf of an eligible municipality is

4-50 entitled to receive all funds from a multipurpose convention center

4-51 facility project that the owner of a project could receive under

4-52 Section 151.429(h) of this code or Section 2303.5055, Government

4-53 Code, if a project for purposes of those provisions included a

4-54 multipurpose convention center facility project. The municipality

4-55 or local government corporation is entitled to receive the funds

4-56 for a period of 10 years beginning on the date the multipurpose

4-57 convention center facility is issued a certificate of occupancy.

4-58 (c) An eligible municipality or local government

4-59 corporation acting on behalf of an eligible municipality may pledge

4-60 or commit the funds to which the municipality or local government

4-61 corporation is entitled as provided by Subsection (b) for the

4-62 payment of bonds, other obligations, or contractual obligations

4-63 issued or incurred for the multipurpose convention center facility

4-64 project.

4-65 (d) The comptroller shall deposit the funds to which an

4-66 eligible municipality or local government corporation is entitled

4-67 as provided by Subsection (b) in a separate suspense account of the

4-68 municipality outside the state treasury.

4-69 (e) The comptroller may make a rebate, refund, or payment

5-1 authorized under this section without the necessity of an  
5-2 appropriation. The comptroller shall rebate, refund, or pay to the  
5-3 eligible municipality the funds to which the municipality or local  
5-4 government corporation is entitled as provided by Subsection (b) at  
5-5 least quarterly.

5-6 SECTION 6. Subchapter B, Chapter 351, Tax Code, is amended  
5-7 by adding Section 351.1022 to read as follows:

5-8 Sec. 351.1022. PLEDGE OR COMMITMENT OF CERTAIN TAX REVENUE  
5-9 BY CERTAIN MUNICIPALITIES WITH SPORTS STADIUMS. (a) This section  
5-10 applies only to a municipality described by Section 351.102(e)(3).

5-11 (b) A municipality is entitled to receive all funds from a  
5-12 hotel project described by Section 351.102(b) that an owner of a  
5-13 project may receive under Section 151.429(h) of this code or  
5-14 Section 2303.5055, Government Code, and all tax revenue collected  
5-15 under Chapter 183 by or from all permittees at the hotel project,  
5-16 excluding revenue disbursed by the comptroller under Section  
5-17 183.051(b). Notwithstanding any other law, the municipality is  
5-18 entitled to receive the funds for a period of 30 years beginning on  
5-19 the date the hotel project is open for initial occupancy.

5-20 (c) The municipality may pledge the funds to which the  
5-21 municipality is entitled as provided by Subsection (b) for the  
5-22 payment of bonds, other obligations, or contractual obligations  
5-23 issued or incurred to acquire, lease, construct, improve, enlarge,  
5-24 and equip the hotel project.

5-25 (d) The comptroller shall deposit the funds to which the  
5-26 municipality is entitled as provided by Subsection (b) in a  
5-27 separate suspense account of the municipality outside the state  
5-28 treasury.

5-29 (e) The comptroller may make a rebate, refund, or payment  
5-30 authorized under this section without the necessity of an  
5-31 appropriation. The comptroller shall rebate, refund, or pay to the  
5-32 municipality the funds to which the municipality is entitled as  
5-33 provided by Subsection (b) at least monthly.

5-34 SECTION 7. Chapter 351, Tax Code, is amended by adding  
5-35 Subchapter C to read as follows:

5-36 SUBCHAPTER C. MUNICIPAL HOTEL AND CONVENTION CENTER PROJECTS

5-37 Sec. 351.151. DEFINITIONS. In this subchapter:

5-38 (1) "Infrastructure" includes:

5-39 (A) a road, street, highway, bridge, overpass,  
5-40 underpass, and interchange;

5-41 (B) a fresh, reuse, or alternative water supply  
5-42 system, sanitary sewer system, and storm drainage system;

5-43 (C) an electric system, telecommunications  
5-44 system, and gas system;

5-45 (D) signage, landscaping, and hardscaping; and

5-46 (E) a public amenity or public area, such as a  
5-47 plaza, park, or trail.

5-48 (2) "Qualified convention center facility" means a  
5-49 facility that has been or will be constructed and that:

5-50 (A) is primarily used to host conventions or  
5-51 meetings;

5-52 (B) is wholly owned by a municipality to which  
5-53 this subchapter applies, and none of which is or may be owned  
5-54 through an undivided common interest;

5-55 (C) is connected to a qualified hotel or has an  
5-56 exterior wall that is located not more than 1,000 feet from the  
5-57 nearest exterior wall of a qualified hotel;

5-58 (D) is not located in a hotel, sports stadium, or  
5-59 other structure but may share common infrastructure or facilities  
5-60 with a hotel, such as a heating, ventilation, and air-conditioning  
5-61 system, electrical system, or kitchen;

5-62 (E) has at least 10,000 square feet of continuous  
5-63 meeting space; and

5-64 (F) is configurable to simultaneously  
5-65 accommodate multiple events described by Paragraph (A) of different  
5-66 sizes and types.

5-67 (3) "Qualified hotel" means a hotel that is designated  
5-68 by a municipality to which this subchapter applies as the hotel that  
5-69 is part of a qualified project. A qualified hotel:

6-1 (A) must be located on land owned by the  
6-2 designating municipality;  
6-3 (B) must be connected to a qualified convention  
6-4 center facility or have an exterior wall that is located not more  
6-5 than 1,000 feet from the nearest exterior wall of the qualified  
6-6 convention center facility; and  
6-7 (C) may consist of two or more towers, regardless  
6-8 of whether named differently, branded differently, reporting  
6-9 different addresses to the comptroller under this code, or  
6-10 reporting taxes separately to the comptroller under this code,  
6-11 that:  
6-12 (i) are constructed at the same time;  
6-13 (ii) are connected to each other or to a  
6-14 qualified convention center facility; and  
6-15 (iii) each meet the requirements of  
6-16 Paragraphs (A) and (B).  
6-17 (4) "Qualified project" means a project:  
6-18 (A) to:  
6-19 (i) acquire, construct, repair, remodel,  
6-20 expand, or equip a qualified convention center facility; or  
6-21 (ii) acquire, lease, construct, repair,  
6-22 remodel, expand, or equip a qualified hotel; and  
6-23 (B) that may include:  
6-24 (i) acquiring, leasing, constructing,  
6-25 repairing, remodeling, expanding, or equipping:  
6-26 (a) a restaurant, bar, retail  
6-27 establishment, or spa located in a qualified convention center  
6-28 facility or qualified hotel or connected to a qualified convention  
6-29 center facility or qualified hotel, including by a covered walkway;  
6-30 or  
6-31 (b) a parking area or structure, the  
6-32 nearest property line of which is located not more than 1,000 feet  
6-33 from the nearest property line of a qualified convention center  
6-34 facility or qualified hotel;  
6-35 (ii) acquiring, constructing, repairing,  
6-36 remodeling, or expanding infrastructure that:  
6-37 (a) is directly related to and  
6-38 necessary for the qualified convention center facility or qualified  
6-39 hotel; and  
6-40 (b) is located within the property  
6-41 lines of the qualified convention center facility or qualified  
6-42 hotel, or not more than 1,000 feet from the nearest property line of  
6-43 the facility or hotel; or  
6-44 (iii) acquiring a property right, including  
6-45 a fee simple interest, easement, or other interest in connection  
6-46 with a purpose described by this subdivision.  
6-47 Sec. 351.152. APPLICABILITY. This subchapter applies only  
6-48 to:  
6-49 (1) a municipality described by Section  
6-50 351.001(7)(B);  
6-51 (2) a municipality described by Section  
6-52 351.001(7)(D);  
6-53 (3) a municipality described by Section  
6-54 351.001(7)(E);  
6-55 (4) a municipality described by Section  
6-56 351.102(e)(3);  
6-57 (5) a municipality that contains more than 75 percent  
6-58 of the population of a county with a population of 1.5 million or  
6-59 more;  
6-60 (6) a municipality with a population of 150,000 or  
6-61 more but less than 200,000 that is partially located in at least one  
6-62 county with a population of 125,000 or more;  
6-63 (7) a municipality with a population of 150,000 or  
6-64 more but less than one million that is located in one county with a  
6-65 population of 2.3 million or more;  
6-66 (8) a municipality with a population of 180,000 or  
6-67 more that:  
6-68 (A) is located in two counties, each with a  
6-69 population of 100,000 or more; and

- 7-1 (B) contains an American Quarter Horse Hall of  
 7-2 Fame and Museum;  
 7-3 (9) a municipality with a population of 96,000 or more  
 7-4 that is located in a county that borders Lake Palestine;  
 7-5 (10) a municipality with a population of 96,000 or  
 7-6 more that is located in a county that contains the headwaters of the  
 7-7 San Gabriel River;  
 7-8 (11) a municipality with a population of 99,900 or  
 7-9 more but less than 111,000 that is located in a county with a  
 7-10 population of 135,000 or more;  
 7-11 (12) a municipality with a population of 110,000 or  
 7-12 more but less than 135,000 at least part of which is located in a  
 7-13 county with a population of less than 135,000;  
 7-14 (13) a municipality with a population of 9,000 or more  
 7-15 but less than 10,000 that is located in two counties, each of which  
 7-16 has a population of 662,000 or more and a southern border with a  
 7-17 county with a population of 2.3 million or more;  
 7-18 (14) a municipality with a population of 200,000 or  
 7-19 more but less than 300,000 that contains a component institution of  
 7-20 the Texas Tech University System;  
 7-21 (15) a municipality with a population of 95,000 or  
 7-22 more that:  
 7-23 (A) is located in more than one county; and  
 7-24 (B) borders Lake Lewisville;  
 7-25 (16) a municipality with a population of 45,000 or  
 7-26 more that:  
 7-27 (A) contains a portion of Cedar Hill State Park;  
 7-28 (B) is located in two counties, one of which has a  
 7-29 population of two million or more and one of which has a population  
 7-30 of 149,000 or more; and  
 7-31 (C) has adopted a capital improvement plan for  
 7-32 the construction or expansion of a convention center facility;  
 7-33 (17) a municipality with a population of less than  
 7-34 6,000 that:  
 7-35 (A) is almost wholly located in a county with a  
 7-36 population of 600,000 or more that is adjacent to a county with a  
 7-37 population of two million or more;  
 7-38 (B) is partially located in a county with a  
 7-39 population of 1.8 million or more that is adjacent to a county with  
 7-40 a population of two million or more;  
 7-41 (C) has a visitor center and museum located in a  
 7-42 19th-century rock building in the municipality's downtown; and  
 7-43 (D) has a waterpark open to the public;  
 7-44 (18) a municipality with a population of 56,000 or  
 7-45 more that:  
 7-46 (A) borders Lake Ray Hubbard; and  
 7-47 (B) is located in two counties, one of which has a  
 7-48 population of less than 80,000;  
 7-49 (19) a municipality with a population of 83,000 or  
 7-50 more that:  
 7-51 (A) borders Clear Lake; and  
 7-52 (B) is primarily located in a county with a  
 7-53 population of less than 300,000;  
 7-54 (20) a municipality with a population of less than  
 7-55 2,000 that:  
 7-56 (A) is located adjacent to a bay connected to the  
 7-57 Gulf of Mexico;  
 7-58 (B) is located in a county with a population of  
 7-59 290,000 or more that is adjacent to a county with a population of  
 7-60 four million or more; and  
 7-61 (C) has a boardwalk on the bay;  
 7-62 (21) a municipality with a population of 75,000 or  
 7-63 more that:  
 7-64 (A) is located wholly in one county with a  
 7-65 population of 575,000 or more that is adjacent to a county with a  
 7-66 population of four million or more; and  
 7-67 (B) has adopted a capital improvement plan for  
 7-68 the construction or expansion of a convention center facility;  
 7-69 (22) a municipality with a population of less than

- 8-1 75,000 that is located in three counties, at least one of which has  
8-2 a population of four million or more;  
8-3 (23) an eligible coastal municipality with a  
8-4 population of 3,000 or more but less than 5,000;  
8-5 (24) a municipality with a population of 90,000 or  
8-6 more but less than 150,000 that:  
8-7 (A) is located in three counties; and  
8-8 (B) contains a branch campus of a component  
8-9 institution of the University of Houston System;  
8-10 (25) a municipality that is:  
8-11 (A) primarily located in a county with a  
8-12 population of four million or more; and  
8-13 (B) connected by a bridge to a municipality  
8-14 described by Subdivision (20);  
8-15 (26) a municipality with a population of 20,000 or  
8-16 more but less than 25,000 that:  
8-17 (A) contains a portion of Mustang Bayou; and  
8-18 (B) is wholly located in a county with a  
8-19 population of less than 500,000;  
8-20 (27) a municipality with a population of 70,000 or  
8-21 more but less than 90,000 that is located in two counties, one of  
8-22 which has a population of four million or more and the other of  
8-23 which has a population of less than 50,000;  
8-24 (28) a municipality with a population of 10,000 or  
8-25 more that:  
8-26 (A) is wholly located in a county with a  
8-27 population of four million or more; and  
8-28 (B) has a city hall located less than three miles  
8-29 from a space center operated by an agency of the federal government;  
8-30 (29) a municipality that is the county seat of a  
8-31 county:  
8-32 (A) through which the Pedernales River flows; and  
8-33 (B) in which the birthplace of a president of the  
8-34 United States is located;  
8-35 (30) a municipality that contains a portion of U.S.  
8-36 Highway 79 and State Highway 130;  
8-37 (31) a municipality with a population of 48,000 or  
8-38 more but less than 95,000 that is located in two counties, one of  
8-39 which has a population of 900,000 or more but less than 1.7 million;  
8-40 (32) a municipality with a population of less than  
8-41 25,000 that contains a museum of Western American art;  
8-42 (33) a municipality with a population of 50,000 or  
8-43 more that is the county seat of a county that contains a portion of  
8-44 the Sam Houston National Forest;  
8-45 (34) a municipality with a population of less than  
8-46 25,000 that:  
8-47 (A) contains a cultural heritage museum; and  
8-48 (B) is located in a county that borders the  
8-49 United Mexican States and the Gulf of Mexico;  
8-50 (35) a municipality that is the county seat of a county  
8-51 that:  
8-52 (A) has a population of 115,000 or more;  
8-53 (B) is adjacent to a county with a population of  
8-54 1.8 million or more; and  
8-55 (C) hosts an annual peach festival;  
8-56 (36) a municipality that is the county seat of a county  
8-57 that:  
8-58 (A) has a population of 585,000 or more; and  
8-59 (B) is adjacent to a county with a population of  
8-60 four million or more;  
8-61 (37) a municipality with a population of less than  
8-62 10,000 that:  
8-63 (A) contains a component university of The Texas  
8-64 A&M University System; and  
8-65 (B) is located in a county adjacent to a county  
8-66 that borders Oklahoma;  
8-67 (38) a municipality with a population of less than  
8-68 6,100 that:  
8-69 (A) is located in two counties, each of which has



9-1 a population of 600,000 or more but less than two million; and  
9-2 (B) hosts an annual Cajun Festival;  
9-3 (39) a municipality with a population of 13,000 or  
9-4 more that:  
9-5 (A) is located on an international border; and  
9-6 (B) is located in a county:  
9-7 (i) with a population of less than 400,000;  
9-8 and  
9-9 (ii) in which at least one World Birding  
9-10 Center site is located;  
9-11 (40) a municipality with a population of 4,000 or more  
9-12 that:  
9-13 (A) is located on an international border; and  
9-14 (B) is located not more than five miles from a  
9-15 state historic site that serves as a visitor center for a state park  
9-16 that contains 300,000 or more acres of land;  
9-17 (41) a municipality with a population of 36,000 or  
9-18 more that is adjacent to at least two municipalities described by  
9-19 Subdivision (15); and  
9-20 (42) a municipality with a population of 28,000 or  
9-21 more in which is located a historic railroad depot and heritage  
9-22 center.  
9-23 Sec. 351.153. EXCEPTION TO OWNERSHIP REQUIREMENT. (a)  
9-24 This section applies only to a municipality described by Section  
9-25 351.152(6) or (29).  
9-26 (b) Section 351.151(2)(B) does not apply to a facility that  
9-27 otherwise meets the requirements of a qualified convention center  
9-28 facility under Section 351.151.  
9-29 (c) Section 351.151(3)(A) does not apply to a hotel that  
9-30 otherwise meets the requirements of a qualified hotel under Section  
9-31 351.151.  
9-32 Sec. 351.154. NONPROFIT CORPORATION AS MUNICIPAL AGENT. A  
9-33 municipality may authorize a nonprofit corporation to act on behalf  
9-34 of the municipality for any purpose under this subchapter.  
9-35 Sec. 351.155. PLEDGE OR COMMITMENT OF CERTAIN TAX REVENUE  
9-36 FOR OBLIGATIONS FOR QUALIFIED PROJECT. (a) In addition to the  
9-37 authority of a municipality to issue debt under Chapter 1504,  
9-38 Government Code, a municipality may pledge or commit the revenue  
9-39 derived from the tax imposed under this chapter from a qualified  
9-40 hotel and the revenue to which the municipality is entitled under  
9-41 Section 351.156 and, if applicable, Section 351.157 for the payment  
9-42 of:  
9-43 (1) bonds or other obligations issued for a qualified  
9-44 project; and  
9-45 (2) contractual obligations related to the project,  
9-46 including obligations under:  
9-47 (A) a contract authorized by Chapter 380, Local  
9-48 Government Code, for the project; and  
9-49 (B) an interlocal agreement directly related to  
9-50 the project.  
9-51 (b) A municipality may pledge or commit revenue for the  
9-52 payment of bonds, other obligations, or contractual obligations  
9-53 under Subsection (a) only if the qualified hotel that is a component  
9-54 of the qualified project for which that revenue is pledged or  
9-55 committed benefits from the pledging or committing of that revenue.  
9-56 (c) A municipality may pledge or commit revenue under this  
9-57 section for only one qualified project. After a municipality  
9-58 pledges or commits revenue under this section for a qualified  
9-59 project, the municipality may not ever again pledge or commit  
9-60 revenue for a qualified project.  
9-61 (d) Subsection (c) does not apply to a municipality with a  
9-62 population of 175,000 or more.  
9-63 (e) A municipality is not entitled to receive revenue under  
9-64 Section 351.156 or 351.157 unless the municipality has pledged or  
9-65 committed a portion of the revenue derived from the tax imposed  
9-66 under this chapter and collected by the qualified hotel for the  
9-67 payment of bonds, other obligations, or contractual obligations  
9-68 described by Subsection (a) and issued or incurred for the  
9-69 qualified project.

10-1 Sec. 351.156. ENTITLEMENT TO CERTAIN TAX REVENUE. Subject  
10-2 to Sections 351.155(e) and 351.158, a municipality is entitled to  
10-3 receive the revenue derived from the following taxes generated,  
10-4 paid, and collected by a qualified hotel, and each restaurant, bar,  
10-5 and retail establishment located in or connected to the hotel or the  
10-6 related qualified convention center facility, that is located in  
10-7 the municipality:

- 10-8 (1) the sales and use tax imposed under Chapter 151;
- 10-9 (2) the hotel occupancy tax imposed under Chapter 156;

10-10 and

10-11 (3) if a political subdivision that is entitled to  
10-12 receive the revenue from the tax agrees in writing to the  
10-13 municipality receiving that revenue:

10-14 (A) the sales and use tax imposed by the  
10-15 political subdivision under Chapter 322 or 323;

10-16 (B) the hotel occupancy tax imposed by the  
10-17 political subdivision under Chapter 352; and

10-18 (C) the mixed beverage tax issued under Section  
10-19 183.051.

10-20 Sec. 351.157. ADDITIONAL ENTITLEMENT FOR CERTAIN  
10-21 MUNICIPALITIES. (a) In this section, "qualified establishment"  
10-22 means an establishment:

10-23 (1) that is located on land:

10-24 (A) owned by a municipality; or

10-25 (B) owned by any person if the establishment is  
10-26 located in a municipality described by Section 351.152(3);

10-27 (2) the nearest exterior wall of which is located not  
10-28 more than 1,000 feet from the nearest exterior wall of a qualified  
10-29 hotel or qualified convention center facility;

10-30 (3) that is constructed:

10-31 (A) on or after the date the municipality  
10-32 commences a qualified project under this subchapter; or

10-33 (B) at any time if the establishment is located  
10-34 in a municipality described by Section 351.152(3);

10-35 (4) that is not a sports stadium; and

10-36 (5) that is the type of establishment described by  
10-37 Subsection (c) from which the municipality is entitled to receive  
10-38 revenue under Subsection (d).

10-39 (b) This section applies only to:

10-40 (1) a municipality described by Section 351.152(3);

10-41 (2) a municipality described by Section 351.152(6);

10-42 (3) a municipality described by Section 351.152(7);

10-43 (4) a municipality described by Section 351.152(10);

10-44 (5) a municipality described by Section 351.152(16);

10-45 (6) a municipality described by Section 351.152(22);

10-46 (7) a municipality described by Section 351.152(25);

10-47 (8) a municipality described by Section 351.152(34);

10-48 (9) a municipality described by Section 351.152(35);

10-49 (10) a municipality described by Section 351.152(36);

10-50 and

10-51 (11) a municipality described by Section 351.152(38).

10-52 (c) A municipality is entitled to receive revenue under  
10-53 Subsection (d) derived from the following types of establishments  
10-54 that meet the requirements of Subsections (a)(1), (2), (3), and  
10-55 (4):

10-56 (1) for a municipality described by Subsection (b)(1):

10-57 (A) restaurants, bars, and retail  
10-58 establishments; and

10-59 (B) swimming pools and swimming facilities owned  
10-60 or operated by the related qualified hotel;

10-61 (2) for a municipality described by Subsection (b)(2),  
10-62 restaurants, bars, and retail establishments;

10-63 (3) for a municipality described by Subsection (b)(3),  
10-64 restaurants, bars, and retail establishments;

10-65 (4) for a municipality described by Subsection (b)(4):  
10-66 (A) restaurants, bars, and retail

10-67 establishments; and  
10-68 (B) swimming pools and swimming facilities owned

10-69 or operated by the related qualified hotel;

11-1 (5) for a municipality described by Subsection (b)(5),  
 11-2 restaurants, bars, and retail establishments;  
 11-3 (6) for a municipality described by Subsection (b)(6),  
 11-4 restaurants, bars, and retail establishments;  
 11-5 (7) for a municipality described by Subsection (b)(7),  
 11-6 restaurants, bars, and retail establishments;  
 11-7 (8) for a municipality described by Subsection (b)(8),  
 11-8 restaurants, bars, and retail establishments;  
 11-9 (9) for a municipality described by Subsection (b)(9),  
 11-10 restaurants, bars, and retail establishments;  
 11-11 (10) for a municipality described by Subsection  
 11-12 (b)(10):  
 11-13 (A) restaurants, bars, and retail  
 11-14 establishments; and  
 11-15 (B) swimming pools and swimming facilities owned  
 11-16 or operated by the related qualified hotel; and  
 11-17 (11) for a municipality described by Subsection  
 11-18 (b)(11):  
 11-19 (A) restaurants, bars, and retail  
 11-20 establishments; and  
 11-21 (B) swimming pools and swimming facilities owned  
 11-22 or operated by the related qualified hotel.  
 11-23 (d) Subject to Subsection (e), in addition to the revenue to  
 11-24 which the municipality is entitled under Section 351.156, a  
 11-25 municipality to which this section applies is entitled to receive  
 11-26 the revenue derived from the following taxes generated, paid, and  
 11-27 collected from a qualified establishment located in the  
 11-28 municipality:  
 11-29 (1) the sales and use tax imposed under Chapter 151;  
 11-30 and  
 11-31 (2) the mixed beverage tax issued under Section  
 11-32 183.051, if the political subdivision that is entitled to receive  
 11-33 the revenue from the tax agrees in writing to the municipality  
 11-34 receiving that revenue.  
 11-35 (e) A municipality to which this section applies is not  
 11-36 entitled to receive revenue under Subsection (d) unless the  
 11-37 municipality commences a qualified project under this subchapter  
 11-38 before September 1, 2023.  
 11-39 Sec. 351.158. PERIOD OF ENTITLEMENT. A municipality is  
 11-40 entitled to receive revenue as provided by Sections 351.156 and  
 11-41 351.157 until the 10th anniversary of the date the qualified hotel  
 11-42 to which the entitlement relates is open for initial occupancy.  
 11-43 Sec. 351.159. DEPOSIT OF REVENUE. Notwithstanding any  
 11-44 other law, the comptroller shall deposit the revenue from the taxes  
 11-45 described by Sections 351.156 and 351.157 that were collected by or  
 11-46 forwarded to the comptroller in trust in a separate suspense  
 11-47 account of the qualified project. The suspense account is outside  
 11-48 the state treasury and the comptroller may make a payment  
 11-49 authorized by this subchapter without the necessity of an  
 11-50 appropriation.  
 11-51 Sec. 351.160. QUARTERLY PAYMENTS. The comptroller shall  
 11-52 pay to each municipality the revenue to which the municipality is  
 11-53 entitled under this subchapter at least quarterly.  
 11-54 SECTION 8. Sections 351.102(b-1), (c-1), and (g), Tax Code,  
 11-55 are repealed.  
 11-56 SECTION 9. The comptroller of public accounts may adopt  
 11-57 rules as necessary to administer this Act.  
 11-58 SECTION 10. The changes in law made to Subchapter B, Chapter  
 11-59 351, Tax Code, by this Act apply only to a hotel project described  
 11-60 by Section 351.102(b), Tax Code, as amended by this Act, for which a  
 11-61 municipality by ordinance or resolution first authorizes the  
 11-62 issuance of bonds or other obligations, executes an agreement under  
 11-63 Chapter 380, Local Government Code, or executes an interlocal  
 11-64 agreement directly related to the project that is secured by a  
 11-65 pledge or commitment of revenue under that subsection for the  
 11-66 project on or after the effective date of this Act. A hotel project  
 11-67 described by Section 351.102(b), Tax Code, for which a municipality  
 11-68 by ordinance or resolution first authorized the issuance of bonds  
 11-69 or other obligations, executed an agreement under Chapter 380,

12-1 Local Government Code, or executed an interlocal agreement directly  
12-2 related to the project that is secured by a pledge or commitment of  
12-3 revenue under that subsection for the project before the effective  
12-4 date of this Act is governed by the law in effect when the ordinance  
12-5 was adopted or the agreement was executed, and that law is continued  
12-6 in effect for purposes of those hotel projects.

12-7 SECTION 11. Subchapter C, Chapter 351, Tax Code, as added by  
12-8 this Act, applies only to a qualified project as defined by Section  
12-9 351.151, Tax Code, as added by this Act, for which a municipality by  
12-10 ordinance or resolution first authorizes the issuance of bonds or  
12-11 other obligations, executes or amends an agreement under Chapter  
12-12 380, Local Government Code, or executes or amends an interlocal  
12-13 agreement directly related to the qualified project that is secured  
12-14 by a pledge or commitment of revenue under Subchapter C, Chapter  
12-15 351, Tax Code, for the project on or after the effective date of  
12-16 this Act.

12-17 SECTION 12. The changes in law made by this Act do not  
12-18 affect the validity of a bond, other obligation, or contractual  
12-19 obligation for which revenue was pledged or committed under Section  
12-20 351.102, Tax Code, before the effective date of this Act. Bonds,  
12-21 other obligations, or contractual obligations for which revenue was  
12-22 pledged or committed before the effective date of this Act are  
12-23 governed by the law in effect when the revenue was pledged or  
12-24 committed, and that law is continued in effect for purposes of the  
12-25 validity of those bonds, obligations, and contractual obligations.

12-26 SECTION 13. This Act takes effect September 1, 2019.

12-27

\* \* \* \* \*