

By: Lucio
(Lucio III)

S.B. No. 2194

Substitute the following for S.B. No. 2194:

By: Rodriguez

C.S.S.B. No. 2194

A BILL TO BE ENTITLED

1 AN ACT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 institution of the Texas Tech University System.

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

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

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

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

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

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

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

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

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

4 (B) is:

5 (i) leased by an eligible municipality; or

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

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

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

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

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

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

27 (B) a parking shuttle or transportation system;

1 and

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

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

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

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

1 municipality outside the state treasury.

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

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

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

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

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

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

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

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

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

11 SUBCHAPTER C. MUNICIPAL HOTEL AND CONVENTION CENTER PROJECTS

12 Sec. 351.151. DEFINITIONS. In this subchapter:

13 (1) "Infrastructure" includes:

14 (A) a road, street, highway, bridge, overpass,
15 underpass, and interchange;

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

18 (C) an electric system, telecommunications
19 system, and gas system;

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

21 (E) a public amenity or public area, such as a
22 plaza, park, or trail.

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

25 (A) is primarily used to host conventions or
26 meetings;

27 (B) is wholly owned by a municipality to which

1 this subchapter applies, and none of which is or may be owned
2 through an undivided common interest;

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

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

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

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

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

18 (A) must be located on land owned by the
19 designating municipality;

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

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

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

27 (ii) each meet the requirements of

1 Paragraphs (A) and (B).

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

3 (A) to:

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

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

8 (B) that may include:

9 (i) acquiring, leasing, constructing,
10 repairing, remodeling, expanding, or equipping:

11 (a) a restaurant, bar, retail
12 establishment, or spa located in a qualified convention center
13 facility or qualified hotel or connected to a qualified convention
14 center facility or qualified hotel, including by a covered walkway;
15 or

16 (b) a parking area or structure, the
17 nearest property line of which is located not more than 1,000 feet
18 from the nearest property line of a qualified convention center
19 facility or qualified hotel;

20 (ii) acquiring, constructing, repairing,
21 remodeling, or expanding infrastructure that:

22 (a) is directly related to and
23 necessary for the qualified convention center facility or qualified
24 hotel; and

25 (b) is located within the property
26 lines of the qualified convention center facility or qualified
27 hotel, or not more than 1,000 feet from the nearest property line of

1 the facility or hotel; or
2 (iii) acquiring a property right, including
3 a fee simple interest, easement, or other interest in connection
4 with a purpose described by this subdivision.

5 Sec. 351.152. APPLICABILITY. This subchapter applies only
6 to:

7 (1) a municipality described by Section
8 351.001(7)(B);

9 (2) a municipality described by Section
10 351.001(7)(D);

11 (3) a municipality described by Section
12 351.001(7)(E);

13 (4) a municipality described by Section
14 351.102(e)(3);

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

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

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

24 (8) a municipality with a population of 180,000 or
25 more that:

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

1 (B) contains an American Quarter Horse Hall of
2 Fame and Museum;

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

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

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

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

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

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

21 (15) a municipality with a population of 95,000 or
22 more that:

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

24 (B) borders Lake Lewisville;

25 (16) a municipality with a population of 45,000 or
26 more that:

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

1 (B) is located in two counties, one of which has a
2 population of two million or more and one of which has a population
3 of 149,000 or more; and

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

6 (17) a municipality with a population of less than
7 6,000 that:

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

11 (B) is partially located in a county with a
12 population of 1.8 million or more that is adjacent to a county with
13 a population of two million or more;

14 (C) has a visitor center and museum located in a
15 19th-century rock building in the municipality's downtown; and

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

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

19 (A) borders Lake Ray Hubbard; and

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

22 (19) a municipality with a population of 83,000 or
23 more that:

24 (A) borders Clear Lake; and

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

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

1 2,000 that:

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

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

7 (C) has a boardwalk on the bay;

8 (21) a municipality with a population of 75,000 or
9 more that:

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

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

15 (22) a municipality with a population of less than
16 75,000 that is located in three counties, at least one of which has
17 a population of four million or more;

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

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

22 (A) is located in three counties; and

23 (B) contains a branch campus of a component
24 institution of the University of Houston System;

25 (25) a municipality that is:

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

1 (B) connected by a bridge to a municipality
2 described by Subdivision (20);

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

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

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

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

12 (28) a municipality with a population of 10,000 or
13 more that:

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

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

18 (29) a municipality that is the county seat of a
19 county:

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

21 (B) in which the birthplace of a president of the
22 United States is located;

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

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

1 (32) a municipality with a population of less than
2 25,000 that contains a museum of Western American art;

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

6 (34) a municipality with a population of less than
7 25,000 that:

8 (A) contains a cultural heritage museum; and

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

11 (35) a municipality that is the county seat of a county
12 that:

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

14 (B) is adjacent to a county with a population of
15 1.8 million or more; and

16 (C) hosts an annual peach festival;

17 (36) a municipality that is the county seat of a county
18 that:

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

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

22 (37) a municipality with a population of less than
23 10,000 that:

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

26 (B) is located in a county adjacent to a county
27 that borders Oklahoma;

1 (38) a municipality with a population of less than
2 6,100 that:

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

5 (B) hosts an annual Cajun Festival;

6 (39) a municipality with a population of 13,000 or
7 more that:

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

9 (B) is located in a county:

10 (i) with a population of less than 400,000;
11 and

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

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

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

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

20 Sec. 351.153. EXCEPTION TO OWNERSHIP REQUIREMENT. (a)
21 This section applies only to a municipality described by Section
22 351.152(6) or (29).

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

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

1 351.151.

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

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

13 (1) bonds or other obligations issued for a qualified
14 project; and

15 (2) contractual obligations related to the project,
16 including obligations under:

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

19 (B) an interlocal agreement directly related to
20 the project.

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

26 (c) A municipality may pledge or commit revenue under this
27 section for only one qualified project. After a municipality

1 pledges or commits revenue under this section for a qualified
2 project, the municipality may not ever again pledge or commit
3 revenue for a qualified project.

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

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

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

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

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

22 and

23 (3) if a political subdivision that is entitled to
24 receive the revenue from the tax agrees in writing to the
25 municipality receiving that revenue:

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

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

3 (C) the mixed beverage tax issued under Section
4 183.051.

5 Sec. 351.157. ADDITIONAL ENTITLEMENT FOR CERTAIN
6 MUNICIPALITIES. (a) In this section, "qualified establishment"
7 means an establishment:

8 (1) that is located on land:

9 (A) owned by a municipality; or

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

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

15 (3) that is constructed:

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

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

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

21 (5) that is the type of establishment described by
22 Subsection (c) from which the municipality is entitled to receive
23 revenue under Subsection (d).

24 (b) This section applies only to:

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

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

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

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

8 and

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

10 (c) A municipality is entitled to receive revenue under
11 Subsection (d) derived from the following types of establishments
12 that meet the requirements of Subsections (a)(1), (2), (3), and
13 (4):

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

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

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

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

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

- 23 (4) for a municipality described by Subsection (b)(4):

24 (A) restaurants, bars, and retail
25 establishments; and

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

1 (5) for a municipality described by Subsection (b)(5),
2 restaurants, bars, and retail establishments;
3 (6) for a municipality described by Subsection (b)(6),
4 restaurants, bars, and retail establishments;
5 (7) for a municipality described by Subsection (b)(7),
6 restaurants, bars, and retail establishments;
7 (8) for a municipality described by Subsection (b)(8),
8 restaurants, bars, and retail establishments;
9 (9) for a municipality described by Subsection (b)(9),
10 restaurants, bars, and retail establishments;
11 (10) for a municipality described by Subsection
12 (b)(10):
13 (A) restaurants, bars, and retail
14 establishments; and
15 (B) swimming pools and swimming facilities owned
16 or operated by the related qualified hotel; and
17 (11) for a municipality described by Subsection
18 (b)(11):
19 (A) restaurants, bars, and retail
20 establishments; and
21 (B) swimming pools and swimming facilities owned
22 or operated by the related qualified hotel.
23 (d) Subject to Subsection (e), in addition to the revenue to
24 which the municipality is entitled under Section 351.156, a
25 municipality to which this section applies is entitled to receive
26 the revenue derived from the following taxes generated, paid, and
27 collected from a qualified establishment located in the

1 municipality:

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

4 (2) the mixed beverage tax issued under Section
5 183.051, if the political subdivision that is entitled to receive
6 the revenue from the tax agrees in writing to the municipality
7 receiving that revenue.

8 (e) A municipality to which this section applies is not
9 entitled to receive revenue under Subsection (d) unless the
10 municipality commences a qualified project under this subchapter
11 before September 1, 2023.

12 Sec. 351.158. PERIOD OF ENTITLEMENT. A municipality is
13 entitled to receive revenue as provided by Sections 351.156 and
14 351.157 until the 10th anniversary of the date the qualified hotel
15 to which the entitlement relates is open for initial occupancy.

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

24 Sec. 351.160. QUARTERLY PAYMENTS. The comptroller shall
25 pay to each municipality the revenue to which the municipality is
26 entitled under this subchapter at least quarterly.

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

1 are repealed.

2 SECTION 9. The comptroller of public accounts may adopt
3 rules as necessary to administer this Act.

4 SECTION 10. The changes in law made to Subchapter B, Chapter
5 351, Tax Code, by this Act apply only to a hotel project described
6 by Section 351.102(b), Tax Code, as amended by this Act, for which a
7 municipality by ordinance or resolution first authorizes the
8 issuance of bonds or other obligations, executes an agreement under
9 Chapter 380, Local Government Code, or executes an interlocal
10 agreement directly related to the project that is secured by a
11 pledge or commitment of revenue under that subsection for the
12 project on or after the effective date of this Act. A hotel project
13 described by Section 351.102(b), Tax Code, for which a municipality
14 by ordinance or resolution first authorized the issuance of bonds
15 or other obligations, executed an agreement under Chapter 380,
16 Local Government Code, or executed an interlocal agreement directly
17 related to the project that is secured by a pledge or commitment of
18 revenue under that subsection for the project before the effective
19 date of this Act is governed by the law in effect when the ordinance
20 was adopted or the agreement was executed, and that law is continued
21 in effect for purposes of those hotel projects.

22 SECTION 11. Subchapter C, Chapter 351, Tax Code, as added by
23 this Act, applies only to a qualified project as defined by Section
24 351.151, Tax Code, as added by this Act, for which a municipality by
25 ordinance or resolution first authorizes the issuance of bonds or
26 other obligations, executes or amends an agreement under Chapter
27 380, Local Government Code, or executes or amends an interlocal

1 agreement directly related to the qualified project that is secured
2 by a pledge or commitment of revenue under Subchapter C, Chapter
3 351, Tax Code, for the project on or after the effective date of
4 this Act.

5 SECTION 12. The changes in law made by this Act do not
6 affect the validity of a bond, other obligation, or contractual
7 obligation for which revenue was pledged or committed under Section
8 351.102, Tax Code, before the effective date of this Act. Bonds,
9 other obligations, or contractual obligations for which revenue was
10 pledged or committed before the effective date of this Act are
11 governed by the law in effect when the revenue was pledged or
12 committed, and that law is continued in effect for purposes of the
13 validity of those bonds, obligations, and contractual obligations.

14 SECTION 13. This Act takes effect September 1, 2019.