By:  Morales of Maverick, et al. H.B. No. 4305

     (Senate Sponsor - Blanco)

(In the Senate - Received from the House May 10, 2021; May 12, 2021, read first time and referred to Committee on Natural Resources & Economic Development; May 24, 2021, reported adversely, with favorable Committee Substitute by the following vote: Yeas 9, Nays 0; May 24, 2021, sent to printer.)

COMMITTEE VOTE

               Yea Nay Absent  PNV

Birdwell        X

Zaffirini       X

Alvarado        X

Hancock         X

Hinojosa        X

Hughes          X

Kolkhorst       X

Lucio           X

Seliger         X

COMMITTEE SUBSTITUTE FOR H.B. No. 4305 By:  Zaffirini

A BILL TO BE ENTITLED

AN ACT

relating to the use of certain tax revenue by certain municipalities.

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

SECTION 1.  Subchapter B, Chapter 351, Tax Code, is amended by adding Section 351.1016 to read as follows:

Sec. 351.1016.  CERTAIN QUALIFIED PROJECTS IN BORDER MUNICIPALITIES. (a) In this section:

(1)  "Base year amount" means the amount of hotel-associated revenue collected in a project financing zone during the calendar year in which a municipality designates the zone.

(2)  "Hotel-associated revenue" means the sum of:

(A)  state tax revenue collected in a project financing zone from all hotels located in the zone that would be available to the owners of qualified hotel projects under Section 151.429(h) if the hotels were qualified hotel projects; and

(B)  tax revenue collected from all permittees under Chapter 183 at hotels located in the zone, excluding revenue disbursed by the comptroller under Section 183.051(b).

(3)  "Incremental hotel-associated revenue" means the amount in any calendar year by which hotel-associated revenue, including hotel-associated revenue from hotels built in the project financing zone after the year in which a municipality designates the zone, exceeds the base year amount.

(4)  "Project financing zone" means an area within a municipality:

(A)  that the municipality by ordinance or by agreement under Chapter 380, Local Government Code, designates as a project financing zone;

(B)  the boundaries of which are within a one-mile radius of the center of a qualified project;

(C)  the designation of which specifies the longitude and latitude of the center of the qualified project;

(D)  the designation of which expires not later than the 15th anniversary of the date of designation; and

(E)  all or part of which is located in an area designated as a qualified opportunity zone under Section 1400Z-1, Internal Revenue Code of 1986.

(5)  "Qualified project" means:

(A)  a venue that is:

(i)  located on land owned by a municipality, another governmental entity, or the owner of the venue;

(ii)  partially financed by private contributions that equal not less than 40 percent of the project costs; and

(iii)  related to the promotion of tourism and the convention and hotel industry; or

(B)  towers and other facilities used by hotel guests and tourists to observe spacecraft and spaceport activities and learn about spacecraft and spaceport operations and launches.

(6)  "Spacecraft" and "spaceport" have the meanings assigned by Section 507.001, Local Government Code.

(7)  "Venue" has the meaning assigned by Section 334.001, Local Government Code.

(b)  This section applies only to a qualified project located in a municipality that is the county seat of a county bordering the Gulf of Mexico and the United Mexican States.

(c)  In addition to the uses provided by Section 351.101, revenue from the municipal hotel occupancy tax may be used to fund a qualified project.

(d)  A municipality may pledge the revenue derived from the tax imposed under this chapter from a hotel located in the project financing zone for the payment of bonds or other obligations issued or incurred to acquire, lease, construct, improve, enlarge, equip, operate, maintain, and repair the qualified project or to acquire real property on which the qualified project is located.

(e)  A municipality may pledge for the payment of bonds or other obligations described by Subsection (d) the local revenue from eligible taxable proceeds as defined by Section 2303.5055(e), Government Code, from hotels located in a project financing zone that would be available to the owners of qualified hotel projects under that section if the hotels were qualified hotel projects.

(f)  A municipality shall notify the comptroller of the municipality's designation of a project financing zone not later than the 30th day after the date the municipality designates the zone. Notwithstanding other law, the municipality is entitled to receive the incremental hotel-associated revenue from the project financing zone for the period beginning on the first day of the year after the year in which the municipality designates the zone and ending on the last day of the month during which the designation expires. The municipality may pledge the revenue for the payment of bonds or other obligations described by Subsection (d).

(g)  The comptroller shall deposit incremental hotel-associated revenue collected by or forwarded to the comptroller in a separate suspense account to be held in trust for the municipality that is entitled to receive the revenue. The suspense account is outside the state treasury, and the comptroller may make a payment authorized by this section from the account without the necessity of an appropriation. The comptroller shall begin making payments from the suspense account to the municipality for which the money is held on the date the qualified project in the project financing zone is commenced. If the qualified project is not commenced by the fifth anniversary of the first deposit to the account, the comptroller shall transfer the money in the account to the general revenue fund and cease making deposits to the account.

(h)  The comptroller may estimate the amount of incremental hotel-associated revenue that will be deposited to a suspense account under Subsection (g) during each calendar year. The comptroller may make deposits to the account and the municipality may request disbursements from the account on a monthly basis based on the estimate. At the end of each calendar year, the comptroller shall adjust the deposits and disbursements to reflect the amount of revenue actually deposited to the account during the calendar year.

(i)  A municipality shall notify the comptroller if the qualified project in the project financing zone is abandoned. If the qualified project is abandoned, the comptroller shall transfer to the general revenue fund the amount of money in the suspense account that exceeds the amount required for the payment of bonds or other obligations described by Subsection (d).

SECTION 2.  Section 351.10692(a), Tax Code, is amended to read as follows:

(a)  This section applies only to:

(1)  a municipality with a population of less than 2,000 located in a county that:

(A) [~~(1)~~]  is adjacent to the county in which the State Capitol is located; and

(B) [~~(2)~~]  has a population of:

(i) [~~(A)~~]  not more than 25,000; or

(ii) [~~(B)~~]  at least 100,000 but not more than 200,000;

(2)  a municipality located in a county with a total area of more than 2,200 square miles but less than 2,350 square miles; and

(3)  a municipality located in a county with a total area of more than 3,850 square miles but less than 4,000 square miles that is not the county seat.

SECTION 3.  This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2021.

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