

1-1 By: Morales of Maverick, et al. H.B. No. 4305  
 1-2 (Senate Sponsor - Blanco)  
 1-3 (In the Senate - Received from the House May 10, 2021;  
 1-4 May 12, 2021, read first time and referred to Committee on Natural  
 1-5 Resources & Economic Development; May 24, 2021, reported  
 1-6 adversely, with favorable Committee Substitute by the following  
 1-7 vote: Yeas 9, Nays 0; May 24, 2021, sent to printer.)

1-8 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-9				
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 COMMITTEE SUBSTITUTE FOR H.B. No. 4305 By: Zaffirini

1-20 A BILL TO BE ENTITLED  
 1-21 AN ACT

1-22 relating to the use of certain tax revenue by certain  
 1-23 municipalities.

1-24 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-25 SECTION 1. Subchapter B, Chapter 351, Tax Code, is amended  
 1-26 by adding Section 351.1016 to read as follows:

1-27 Sec. 351.1016. CERTAIN QUALIFIED PROJECTS IN BORDER  
 1-28 MUNICIPALITIES. (a) In this section:

1-29 (1) "Base year amount" means the amount of  
 1-30 hotel-associated revenue collected in a project financing zone  
 1-31 during the calendar year in which a municipality designates the  
 1-32 zone.

1-33 (2) "Hotel-associated revenue" means the sum of:

1-34 (A) state tax revenue collected in a project  
 1-35 financing zone from all hotels located in the zone that would be  
 1-36 available to the owners of qualified hotel projects under Section  
 1-37 151.429(h) if the hotels were qualified hotel projects; and

1-38 (B) tax revenue collected from all permittees  
 1-39 under Chapter 183 at hotels located in the zone, excluding revenue  
 1-40 disbursed by the comptroller under Section 183.051(b).

1-41 (3) "Incremental hotel-associated revenue" means the  
 1-42 amount in any calendar year by which hotel-associated revenue,  
 1-43 including hotel-associated revenue from hotels built in the project  
 1-44 financing zone after the year in which a municipality designates  
 1-45 the zone, exceeds the base year amount.

1-46 (4) "Project financing zone" means an area within a  
 1-47 municipality:

1-48 (A) that the municipality by ordinance or by  
 1-49 agreement under Chapter 380, Local Government Code, designates as a  
 1-50 project financing zone;

1-51 (B) the boundaries of which are within a one-mile  
 1-52 radius of the center of a qualified project;

1-53 (C) the designation of which specifies the  
 1-54 longitude and latitude of the center of the qualified project;

1-55 (D) the designation of which expires not later  
 1-56 than the 15th anniversary of the date of designation; and

1-57 (E) all or part of which is located in an area  
 1-58 designated as a qualified opportunity zone under Section 1400Z-1,  
 1-59 Internal Revenue Code of 1986.

1-60 (5) "Qualified project" means:

2-1                   (A) a venue that is:  
2-2                    (i) located on land owned by a  
2-3 municipality, another governmental entity, or the owner of the  
2-4 venue;  
2-5                    (ii) partially financed by private  
2-6 contributions that equal not less than 40 percent of the project  
2-7 costs; and  
2-8                    (iii) related to the promotion of tourism  
2-9 and the convention and hotel industry; or  
2-10                  (B) towers and other facilities used by hotel  
2-11 guests and tourists to observe spacecraft and spaceport activities  
2-12 and learn about spacecraft and spaceport operations and launches.  
2-13                  (6) "Spacecraft" and "spaceport" have the meanings  
2-14 assigned by Section 507.001, Local Government Code.  
2-15                  (7) "Venue" has the meaning assigned by Section  
2-16 334.001, Local Government Code.  
2-17                  (b) This section applies only to a qualified project located  
2-18 in a municipality that is the county seat of a county bordering the  
2-19 Gulf of Mexico and the United Mexican States.  
2-20                  (c) In addition to the uses provided by Section 351.101,  
2-21 revenue from the municipal hotel occupancy tax may be used to fund a  
2-22 qualified project.  
2-23                  (d) A municipality may pledge the revenue derived from the  
2-24 tax imposed under this chapter from a hotel located in the project  
2-25 financing zone for the payment of bonds or other obligations issued  
2-26 or incurred to acquire, lease, construct, improve, enlarge, equip,  
2-27 operate, maintain, and repair the qualified project or to acquire  
2-28 real property on which the qualified project is located.  
2-29                  (e) A municipality may pledge for the payment of bonds or  
2-30 other obligations described by Subsection (d) the local revenue  
2-31 from eligible taxable proceeds as defined by Section 2303.5055(e),  
2-32 Government Code, from hotels located in a project financing zone  
2-33 that would be available to the owners of qualified hotel projects  
2-34 under that section if the hotels were qualified hotel projects.  
2-35                  (f) A municipality shall notify the comptroller of the  
2-36 municipality's designation of a project financing zone not later  
2-37 than the 30th day after the date the municipality designates the  
2-38 zone. Notwithstanding other law, the municipality is entitled to  
2-39 receive the incremental hotel-associated revenue from the project  
2-40 financing zone for the period beginning on the first day of the year  
2-41 after the year in which the municipality designates the zone and  
2-42 ending on the last day of the month during which the designation  
2-43 expires. The municipality may pledge the revenue for the payment of  
2-44 bonds or other obligations described by Subsection (d).  
2-45                  (g) The comptroller shall deposit incremental  
2-46 hotel-associated revenue collected by or forwarded to the  
2-47 comptroller in a separate suspense account to be held in trust for  
2-48 the municipality that is entitled to receive the revenue. The  
2-49 suspense account is outside the state treasury, and the comptroller  
2-50 may make a payment authorized by this section from the account  
2-51 without the necessity of an appropriation. The comptroller shall  
2-52 begin making payments from the suspense account to the municipality  
2-53 for which the money is held on the date the qualified project in the  
2-54 project financing zone is commenced. If the qualified project is  
2-55 not commenced by the fifth anniversary of the first deposit to the  
2-56 account, the comptroller shall transfer the money in the account to  
2-57 the general revenue fund and cease making deposits to the account.  
2-58                  (h) The comptroller may estimate the amount of incremental  
2-59 hotel-associated revenue that will be deposited to a suspense  
2-60 account under Subsection (g) during each calendar year. The  
2-61 comptroller may make deposits to the account and the municipality  
2-62 may request disbursements from the account on a monthly basis based  
2-63 on the estimate. At the end of each calendar year, the comptroller  
2-64 shall adjust the deposits and disbursements to reflect the amount  
2-65 of revenue actually deposited to the account during the calendar  
2-66 year.  
2-67                  (i) A municipality shall notify the comptroller if the  
2-68 qualified project in the project financing zone is abandoned. If  
2-69 the qualified project is abandoned, the comptroller shall transfer

3-1 to the general revenue fund the amount of money in the suspense  
3-2 account that exceeds the amount required for the payment of bonds or  
3-3 other obligations described by Subsection (d).

3-4 SECTION 2. Section 351.10692(a), Tax Code, is amended to  
3-5 read as follows:

3-6 (a) This section applies only to:  
3-7 (1) a municipality with a population of less than  
3-8 2,000 located in a county that:

3-9 (A) ~~[(1)]~~ is adjacent to the county in which the  
3-10 State Capitol is located; and

3-11 (B) ~~[(2)]~~ has a population of:

3-12 (i) ~~[(A)]~~ not more than 25,000; or

3-13 (ii) ~~[(B)]~~ at least 100,000 but not more  
3-14 than 200,000;

3-15 (2) a municipality located in a county with a total  
3-16 area of more than 2,200 square miles but less than 2,350 square  
3-17 miles; and

3-18 (3) a municipality located in a county with a total  
3-19 area of more than 3,850 square miles but less than 4,000 square  
3-20 miles that is not the county seat.

3-21 SECTION 3. This Act takes effect immediately if it receives  
3-22 a vote of two-thirds of all the members elected to each house, as  
3-23 provided by Section 39, Article III, Texas Constitution. If this  
3-24 Act does not receive the vote necessary for immediate effect, this  
3-25 Act takes effect September 1, 2021.

3-26 \* \* \* \* \*