

By: Lucio

S.B. No. 2089

A BILL TO BE ENTITLED

AN ACT

relating to the use of certain tax revenue to acquire, construct, enhance, upgrade, operate, and maintain convention center facilities, multipurpose arenas, venues, and spaceport and spacecraft observation facilities in 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,

1 including hotel-associated revenue from hotels built in the project  
2 financing zone after the year in which a municipality designates  
3 the zone, exceeds the base year amount.

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

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

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

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

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

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

18 (5) "Qualified project" means:

19 (A) a venue that is:

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

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

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

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

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

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

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

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

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

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

26           (f) A municipality shall notify the comptroller of the  
27 municipality's designation of a project financing zone not later

1 than the 30th day after the date the municipality designates the  
2 zone. Notwithstanding other law, the municipality is entitled to  
3 receive the incremental hotel-associated revenue from the project  
4 financing zone for the period beginning on the first day of the year  
5 after the year in which the municipality designates the zone and  
6 ending on the last day of the month during which the designation  
7 expires. The municipality may pledge the revenue for the payment of  
8 bonds or other obligations described by Subsection (d).

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

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

1 shall adjust the deposits and disbursements to reflect the amount  
2 of revenue actually deposited to the account during the calendar  
3 year.

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

10 SECTION 2. This Act takes effect September 1, 2021.