By:  Menéndez S.B. No. 627

(In the Senate - Filed January 26, 2023; February 17, 2023, read first time and referred to Committee on Natural Resources & Economic Development; April 17, 2023, reported adversely, with favorable Committee Substitute by the following vote: Yeas 8, Nays 0; April 17, 2023, sent to printer.)

COMMITTEE VOTE

               Yea Nay Absent  PNV

Birdwell        X

Zaffirini       X

Alvarado        X

Blanco          X

Hancock         X

Hughes                    X

Kolkhorst       X

Miles           X

Sparks          X

COMMITTEE SUBSTITUTE FOR S.B. No. 627 By:  Zaffirini

A BILL TO BE ENTITLED

AN ACT

relating to the entitlement of certain municipalities to certain tax revenue related to a hotel and convention center project.

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

SECTION 1.  Section 351.153(a), Tax Code, is amended to read as follows:

(a)  This section applies only to a municipality described by Section 351.152(5), (6), [~~351.152(6)~~] or (29).

SECTION 2.  Sections 351.157(a), (b), and (c), Tax Code, are amended to read as follows:

(a)  In this section, "qualified establishment" means an establishment:

(1)  that is located on land:

(A)  owned by a municipality; or

(B)  owned by:

(i)  any person if the establishment is located in a municipality described by Section 351.152(3); [~~or~~]

(ii) [~~owned by~~] the federal government if the establishment is located in a municipality described by Section 351.152(6); or

(iii)  a nonprofit corporation, including a public facility corporation, that is acting as or on behalf of, or that is controlled by, a municipality, if the establishment is located in a municipality described by Section 351.152(5);

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

(3)  that is constructed:

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

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

(4)  that is not a sports stadium; and

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

(b)  This section applies only to:

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

(1-a)  a municipality described by Section 351.152(5);

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

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

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

(4-a)  a municipality described by Section 351.152(14);

(5)  a municipality described by Section 351.152(16);

(6)  a municipality described by Section 351.152(22);

(7)  a municipality described by Section 351.152(25);

(8)  a municipality described by Section 351.152(34);

(9)  a municipality described by Section 351.152(35);

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

(11)  a municipality described by Section 351.152(38); and

(12)  a municipality described by Section 351.152(43).

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

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

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

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

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

(A)  restaurants, bars, spas, and retail establishments; and

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

(2)  for a municipality described by Subsection (b)(2), swimming pools and swimming facilities, restaurants, bars, and retail establishments;

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

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

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

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

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

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

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

(5)  for a municipality described by Subsection (b)(5), restaurants, bars, and retail establishments;

(6)  for a municipality described by Subsection (b)(6), restaurants, bars, and retail establishments;

(7)  for a municipality described by Subsection (b)(7), restaurants, bars, and retail establishments;

(8)  for a municipality described by Subsection (b)(8), restaurants, bars, and retail establishments;

(9)  for a municipality described by Subsection (b)(9), restaurants, bars, and retail establishments;

(10)  for a municipality described by Subsection (b)(10):

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

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

(11)  for a municipality described by Subsection (b)(11):

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

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

(12)  for a municipality described by Subsection (b)(12):

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

(B)  swimming pools and swimming facilities owned or operated by the related qualified hotel.

SECTION 3.  Subchapter C, Chapter 351, Tax Code, is amended by adding Section 351.161 to read as follows:

Sec. 351.161.  RECAPTURE OF LOST STATE TAX REVENUE FROM CERTAIN MUNICIPALITIES. (a) This section applies only to a qualified project that is first commenced on or after January 1, 2027, and was authorized before January 1, 2023, by a municipality with a population of 175,000 or more.

(b)  On the 20th anniversary of the date a hotel designated as a qualified hotel by a municipality to which this section applies is open for initial occupancy, the comptroller shall determine:

(1)  the total amount of state tax revenue received under Section 351.156 and, if applicable, under Section 351.157 by the municipality from the qualified project of which the qualified hotel was a part during the period for which the municipality was entitled to receive that revenue; and

(2)  the total amount of state tax revenue described by Subdivision (1) received by the state during the period beginning on the 10th anniversary of the date the qualified hotel opened for initial occupancy and ending on the 20th anniversary of that date from the same sources from which the municipality received the revenue described by Subdivision (1).

(c)  If the amount determined under Subsection (b)(1) exceeds the amount determined under Subsection (b)(2), the comptroller shall promptly provide written notice to the municipality stating that the municipality must remit to the comptroller the difference between those two amounts in the manner provided by this subsection. The municipality shall, using money lawfully available to the municipality for the purpose, remit monthly payments to the comptroller in an amount equal to the total amount of municipal hotel occupancy tax revenue received by the municipality from the qualified hotel in the preceding month until the amount remitted to the comptroller equals the total amount due as stated in the notice. The first payment required under this subsection must be made not later than the 30th day after the date the municipality receives the notice from the comptroller. Subsequent payments are due on the 20th day of each month until the total amount stated in the notice is paid. The comptroller shall prescribe the procedure a municipality must use to remit a payment required by this subsection to the comptroller.

(d)  The comptroller shall deposit revenue received under this section in the manner prescribed by Section 156.251.

SECTION 4.  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, 2023.

\* \* \* \* \*