By:  Paxton S.B. No. 720

(In the Senate - Filed February 6, 2023; March 1, 2023, read first time and referred to Committee on Natural Resources & Economic Development; April 20, 2023, reported adversely, with favorable Committee Substitute by the following vote: Yeas 7, Nays 0, one present not voting; April 20, 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. 720 By:  Zaffirini

A BILL TO BE ENTITLED

AN ACT

relating to the authority of certain municipalities to receive certain tax revenue derived from a hotel and convention center project and to pledge certain tax revenue for the payment of obligations related to the project.

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

SECTION 1.  Section 351.152, Tax Code, is amended to read as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(B)  borders Lake Lewisville;

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

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

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

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

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

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

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

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

(D)  has a waterpark open to the public;

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

(A)  borders Lake Ray Hubbard; and

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

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

(A)  borders Clear Lake; and

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

(20)  a municipality with a population of less than 2,000 that:

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

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

(C)  has a boardwalk on the bay;

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

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

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

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

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

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

(A)  is located in three counties; and

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

(25)  a municipality that is:

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

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

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

(A)  contains a portion of Mustang Bayou; and

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

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

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

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

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

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

(A)  through which the Pedernales River flows; and

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

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

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

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

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

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

(A)  contains a cultural heritage museum; and

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

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

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

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

(C)  hosts an annual peach festival;

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

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

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

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

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

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

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

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

(B)  hosts an annual Cajun Festival;

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

(A)  is located on an international border; and

(B)  is located in a county:

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

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

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

(A)  is located on an international border; and

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

(41)  a municipality with a population of 36,000 or more that is adjacent to at least two municipalities described by Subdivision (15);

(42)  a municipality with a population of 28,000 or more in which is located a historic railroad depot and heritage center;

(43)  a municipality located in a county that has a population of not more than 300,000 and in which a component university of the University of Houston System is located;

(44)  a municipality with a population of less than 500,000 that is:

(A)  located in two counties; and

(B)  adjacent to a municipality described by Subdivision (31); [~~and~~]

(45)  a municipality that:

(A)  has a population of more than 67,000; and

(B)  is located in two counties with 90 percent of the municipality's territory located in a county with a population of at least 580,000, and the remaining territory located in a county with a population of at least four million;

(46)  a municipality that:

(A)  has a population of 100,000 or more; and

(B)  is wholly located in, but is not the county seat of, a county with a population of one million or more:

(i)  in which all or part of a municipality with a population of one million or more is located; and

(ii)  that is adjacent to a county with a population of 2.5 million or more; and

(47)  a municipality that is the county seat of a county:

(A)  with a population of one million or more;

(B)  in which all or part of a municipality with a population of one million or more is located; and

(C)  that is located adjacent to a county with a population of 2.5 million or more.

SECTION 2.  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(6), [~~or~~] (29), or (47).

SECTION 3.  Sections 351.157(b) and (c), Tax Code, are amended to read as follows:

(b)  This section applies only to:

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

(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); and

(13)  a municipality described by Section 351.152(46).

(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;

(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; and

(13)  for a municipality described by Subsection (b)(13):

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

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

SECTION 4.  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 municipality described by Section 351.152(46) or (47).

(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 5.  This Act takes effect September 1, 2023.

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