By: Gamez H.B. No. 2282

A BILL TO BE ENTITLED

AN ACT

relating to the use of hotel occupancy tax revenue by certain municipalities and counties and 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. This Act may be cited as the Lucio-Kristofferson Act.

SECTION 2. Section 351.1063, Tax Code, is amended by adding Subsection (c) to read as follows:

(c) Notwithstanding Subsection (b), a municipality described by Section 351.152(46) that uses revenue derived from the tax imposed under this chapter or funds received under Section 351.156 or 351.157 for a qualified project under Section 351.155 may not reduce the percentage of revenue from the tax imposed under this chapter and allocated for a purpose described by Section 351.101(a)(3) to a percentage that is less than the greater of:

(1) the average percentage of that revenue allocated by the municipality for that purpose during the 36-month period preceding the date the municipality begins using the revenue or funds for the project; or

(2) 10 percent.

SECTION 3. 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; and

(46) a municipality that is the county seat of a county bordering the Gulf of Mexico and the United Mexican States.

SECTION 4. 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 (46).

SECTION 5. Section 351.156, Tax Code, is amended to read as follows:

Sec. 351.156. ENTITLEMENT TO CERTAIN TAX REVENUE. (a) Subject to Sections 351.155(e) and 351.158 and Subsection (b) of this section, a municipality is entitled to receive the revenue derived from the following taxes generated, paid, and collected by a qualified hotel, and each restaurant, bar, and retail establishment located in or connected to the hotel or the related qualified convention center facility, that is located in the municipality:

(1) the sales and use tax imposed under Chapter 151;

(2) the hotel occupancy tax imposed under Chapter 156;

and

(3) if a political subdivision that is entitled to receive the revenue from the tax agrees in writing to the municipality receiving that revenue:

(A) the sales and use tax imposed by the political subdivision under Chapter 322 or 323;

(B) the hotel occupancy tax imposed by the political subdivision under Chapter 352; and

(C) the mixed beverage tax issued under Section 183.051.

(b) A municipality described by Section 351.152(46) is entitled to receive 75 percent of the revenue described by Subsection (a).

SECTION 6. Section 351.157, Tax Code, is amended by amending Subsections (a), (b), (c), and (d) and adding Subsection (d-1) 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 any person if the establishment is located in a municipality described by Section 351.152(3);

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

(D) owned by a county or by the federal government if the establishment is located in a municipality

described by Section 351.152(46);

(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);

(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)<u>;</u> and

<u>(13) a municipality described by Section 351.152(46)</u>.

(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, music venues, museums, and retail establishments; and

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

(d) Subject to Subsections (d-1) and [~~Subsection~~] (e), in addition to the revenue to which the municipality is entitled under Section 351.156, a municipality to which this section applies is entitled to receive the revenue derived from the following taxes generated, paid, and collected from a qualified establishment located in the municipality:

(1) the sales and use tax imposed under Chapter 151; and

(2) the mixed beverage tax issued under Section 183.051, if the political subdivision that is entitled to receive the revenue from the tax agrees in writing to the municipality receiving that revenue.

(d-1) A municipality described by Subsection (b)(13) is entitled to receive 75 percent of the additional revenue described by Subsection (d).

SECTION 7. Section 351.158, Tax Code, is amended to read as follows:

Sec. 351.158. PERIOD OF ENTITLEMENT. (a) A municipality is

entitled to receive revenue as provided by Sections 351.156 and 351.157 until the 10th anniversary of the date the qualified hotel to which the entitlement relates is open for initial occupancy.

(b) Notwithstanding Subsection (a), a municipality described by Section 351.152(46) is entitled to receive revenue as provided by Sections 351.156 and 351.157 until the 20th anniversary of the date the qualified hotel to which the entitlement relates is open for initial occupancy.

SECTION 8. Subchapter B, Chapter 352, Tax Code, is amended by adding Section 352.1065 to read as follows:

Sec. 352.1065. USE OF REVENUE: CERTAIN COUNTIES BORDERING MEXICO AND GULF OF MEXICO. (a) This section applies only to a county that:

(1) is authorized by Section 352.002(a)(11) to impose a tax under this chapter; and

(2) borders the Gulf of Mexico and the United Mexican States.

(b) In addition to the purposes authorized by this chapter and for the public purpose of encouraging the economic development of this state, a county to which this section applies may enter into an agreement with a municipality that is the county seat of the county to pledge not more than 75 percent of the revenue derived from the tax imposed by the county under this chapter and collected by hotels located in the municipality for the payment of bonds or other obligations, including contractual obligations, for which the municipality has pledged or committed revenue under Section 351.155.

(c) A county that uses revenue in the manner described by Subsection (b) must use at least 10 percent of the revenue derived from the tax authorized under this chapter for the purposes stated in Section 351.101(a)(3).

SECTION 9. 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.