

AN ACT

relating to the authority of certain municipalities to use certain tax revenue for hotel and convention center projects and other qualified projects.

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

SECTION 1. Section 351.1015(a)(2), Tax Code, is amended to read as follows:

(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, excluding the amount of that revenue received by a municipality:

(i) under Section 351.156 or 351.157 in connection with a qualified hotel located in the zone that exists on the date the municipality designates the zone, except as provided by Paragraph (B); or

(ii) under Section 351.102(c) for a hotel project described by Section 351.102(b) and located in the zone that exists on the date the municipality designates the zone; 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).

SECTION 2. Section 351.1015, Tax Code, is amended by

1 amending Subsections (b) and (e) and adding Subsection (j) to read  
2 as follows:

3 (b) This section applies only to a qualified project located  
4 in:

5 (1) a municipality with a population of at least  
6 650,000 but less than 750,000 according to the most recent federal  
7 decennial census;

8 (2) a municipality described by Section  
9 351.001(7)(B); or

10 (3) a municipality described by Section 351.152(61).

11 (e) A municipality may pledge for the payment of bonds or  
12 other obligations described by Subsection (d) the local revenue  
13 from eligible tax proceeds as defined by Section 2303.5055(e),  
14 Government Code, from hotels located in a project financing zone  
15 that would be available to the owners of qualified hotel projects  
16 under that section if the hotels were qualified hotel projects,  
17 excluding any amount received by the municipality:

18 (1) in connection with a qualified hotel, as defined  
19 by Section 351.151, located in the zone that exists on the date the  
20 municipality designates the zone; or

21 (2) for a hotel project described by Section  
22 351.102(b) and located in the zone that exists on the date the  
23 municipality designates the zone.

24 (j) For a municipality described by Subsection (b)(2) or  
25 (3), the term "qualified project" also means a venue described by  
26 Section 334.001(4)(A), Local Government Code, and any related  
27 infrastructure.

1 SECTION 3. Section 351.152, Tax Code, is amended to read as  
2 follows:

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

5 (1) a municipality described by Section  
6 351.001(7)(B);

7 (2) a municipality described by Section  
8 351.001(7)(D);

9 (3) a municipality described by Section  
10 351.001(7)(E);

11 (4) a municipality described by Section  
12 351.102(e)(3);

13 (5) a municipality that contains more than 70 [~~75~~]  
14 percent of the population of a county with a population of 1.5  
15 million or more;

16 (6) a municipality with a population of 175,000  
17 [~~150,000~~] or more but less than 200,000 that is partially located in  
18 at least one county with a population of 125,000 or more;

19 (7) a municipality with a population of 250,000  
20 [~~150,000~~] or more but less than one million that is located in one  
21 county with a population of 2.5 [~~2.3~~] million or more;

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

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

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

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

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

6 (11) a municipality with a population of at least  
7 95,000 [~~99,900 or more but less than 111,000~~] that is located in a  
8 county that is bisected by United States Highway 385 and has [~~with~~]  
9 a population of not more than 170,000 [~~135,000 or more~~];

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

13 (13) a municipality with a population of 28,000  
14 [~~9,000~~] or more but less than 31,000 [~~10,000~~] that is located in two  
15 counties, each of which has a population of 900,000 [~~662,000~~] or  
16 more and a southern border with a county with a population of 2.5  
17 [~~2.3~~] million or more;

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

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

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

24 (B) borders Lake Lewisville;

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

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

1 (B) is located in two counties, one of which has a  
2 population of 2.5 [~~two~~] million or more and one of which has a  
3 population of 190,000 [~~149,000~~] or more; and

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

6 (17) a municipality with a population of less than  
7 10,000 [~~6,000~~] that:

8 (A) is almost wholly located in a county with a  
9 population of 900,000 [~~600,000~~] or more that is adjacent to a county  
10 with a population of 2.5 [~~two~~] million or more;

11 (B) is partially located in a county with a  
12 population of 2.1 [~~1.8~~] million or more that is adjacent to a county  
13 with a population of 2.5 [~~two~~] million or more;

14 (C) has a visitor center and museum located in a  
15 19th-century rock building in the municipality's downtown; and

16 (D) has a waterpark open to the public;

17 (18) a municipality with a population of 60,000  
18 [~~56,000~~] or more that:

19 (A) borders Lake Ray Hubbard; and

20 (B) is located in two counties, one of which has a  
21 population of less than 110,000 [~~80,000~~];

22 (19) a municipality with a population of 110,000  
23 [~~83,000~~] or more that:

24 (A) borders Clear Lake; and

25 (B) is primarily located in a county with a  
26 population of less than 355,000 [~~300,000~~];

27 (20) a municipality with a population of less than

1 2,000 that:

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

4 (B) is located in a county with a population of  
5 290,000 or more that is adjacent to a county with a population of  
6 four million or more; and

7 (C) has a boardwalk on the bay;

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

10 (A) is located wholly in one county with a  
11 population of 800,000 [~~575,000~~] or more that is adjacent to a county  
12 with a population of four million or more; and

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

15 (22) a municipality with a population of less than  
16 70,000 [~~75,000~~] that is located in three counties, at least one of  
17 which has a population of four million or more;

18 (23) an eligible coastal municipality with a  
19 population of 2,900 [~~3,000~~] or more but less than 5,000;

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

22 (A) is located in three counties; and

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

25 (25) a municipality that is:

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

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

3 (26) a municipality with a population of 25,000  
4 [~~20,000~~] or more but less than 30,000 [~~25,000~~] that:

5 (A) contains a portion of Mustang Bayou; and

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

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

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

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

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

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

20 (A) through which the Pedernales River flows; and

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

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

25 (31) a municipality with a population of 70,000  
26 [~~48,000~~] or more but less than 115,000 [~~95,000~~] that is located in  
27 two counties, one of which has a population of 1.1 million [~~900,000~~]

1 or more but less than 1.9 [~~1.7~~] million;

2 (32) a municipality with a population of less than  
3 25,000 that contains a museum of Western American art;

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

7 (34) a municipality with a population of less than  
8 25,000 that:

9 (A) contains a cultural heritage museum; and

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

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

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

15 (B) is adjacent to a county with a population of  
16 2.1 [~~1.8~~] million or more; and

17 (C) hosts an annual peach festival;

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

20 (A) has a population of 800,000 [~~585,000~~] or  
21 more; and

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

24 (37) a municipality with a population of less than  
25 10,000 that:

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



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

3 (38) a municipality with a population of less than  
4 17,000 [~~6,100~~] that:

5 (A) is located in two counties, each of which has  
6 a population of 900,000 [~~600,000~~] or more but less than two million;  
7 and

8 (B) hosts an annual Cajun Festival;

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

11 (A) is located on an international border; and

12 (B) is located in a county:

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

14 and

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

17 (40) a municipality with a population of 3,200 [~~4,000~~]  
18 or more that:

19 (A) is located on an international border; and

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

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

26 (42) a municipality with a population of 28,000 or  
27 more that is located in a county with a population of 240,000 or

1 more that contains a portion of the Blanco River and in which is  
2 located a historic railroad depot and heritage center;

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

6 (44) a municipality with a population of less than  
7 500,000 that is:

8 (A) located in two counties; and

9 (B) adjacent to a municipality described by  
10 Subdivision (31); ~~and~~

11 (45) a municipality that:

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

13 (B) is located in two counties with 90 percent of  
14 the municipality's territory located in a county with a population  
15 of at least 800,000 [~~580,000~~], and the remaining territory located  
16 in a county with a population of at least four million;

17 (46) a municipality that:

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

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

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

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

25 (47) a municipality that is the county seat of a county  
26 bordering the Gulf of Mexico and the United Mexican States;

27 (48) a municipality that is bisected by the Guadalupe

1 River and is the county seat of a county with a population of  
2 170,000 or more;

3 (49) a municipality with a population of 70,000 or  
4 more but less than 150,000 that borders Joe Pool Lake;

5 (50) a municipality with a population of 115,000 or  
6 more that borders the Neches River;

7 (51) a municipality described by Section [351.101\(k\)](#);

8 (52) a municipality that is the county seat of a  
9 county:

10 (A) through which the Brazos River flows; and

11 (B) in which a national monument is located;

12 (53) a municipality with a population of 45,000 or  
13 more that:

14 (A) is not the county seat of a county;

15 (B) is located in a single county; and

16 (C) contains a portion of Lake Lewisville;

17 (54) a municipality that is the county seat of a county  
18 with a population of more than 900,000 that is adjacent to two  
19 counties, each of which has a population of more than 1.8 million;

20 (55) a municipality that hosts an annual wine festival  
21 and is located in three counties, each of which has a population of  
22 more than 900,000;

23 (56) a municipality that has a population of at least  
24 150,000 but less than 1,300,000 and is partially located in a county  
25 that contains a portion of Cedar Creek Reservoir;

26 (57) a municipality that is located in a county that  
27 contains a portion of Cedar Creek Reservoir and in which a private

1 college is located;

2 (58) a municipality that is the county seat of a  
3 county:

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

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

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

9 (59) a municipality that is the county seat of a county  
10 that contains a portion of Cedar Creek Reservoir and borders a  
11 county with a population of more than 240,000;

12 (60) a municipality with a population of more than  
13 80,000 but less than 150,000 that is located in a county with a  
14 population of more than 369,000 but less than 864,000 that contains  
15 part of an active duty United States Army installation;

16 (61) a municipality with a population of 750,000 or  
17 more that is located in a county with a population of 1.5 million or  
18 less;

19 (62) a municipality with a population of less than  
20 7,000 that contains a country music hall of fame;

21 (63) a municipality with a population of 35,000 or  
22 more that contains a railroad museum and is located in a county  
23 that:

24 (A) has a population of 800,000 or more; and

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

27 (64) a municipality:

- 1                   (A) that is the county seat of a county:  
2                               (i) with a population of 60,000 or less; and  
3                               (ii) that borders the Rio Grande; and  
4                   (B) in which is located a United States military  
5 fort listed in the National Register of Historic Places.

6           SECTION 4. Section 351.153(a), Tax Code, is amended to read  
7 as follows:

8           (a) This section applies only to a municipality described by  
9 Section 351.152(5), (6), [351.152(6) or] (29), or (58).

10          SECTION 5. Section 351.157, Tax Code, is amended by  
11 amending Subsections (a) and (b) and adding Subsection (c-1) to  
12 read as follows:

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

15               (1) that is located on land:

16                       (A) owned by a municipality; or

17                       (B) owned by:

18                               (i) any person if the establishment is  
19 located in a municipality described by Section 351.152(3);

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

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

27               (2) the nearest exterior wall of which is located not

1 more than 1,000 feet from the nearest exterior wall of a qualified  
2 hotel or qualified convention center facility;

3 (3) that is constructed:

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

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

8 (4) that is not a sports stadium; and

9 (5) that is the type of establishment described by  
10 Subsection (c-1) [~~(c)~~] from which the municipality is entitled to  
11 receive revenue under Subsection (d).

12 (b) This section applies only to:

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

14 (1-a) a municipality described by Section 351.152(5);

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

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

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

18 (4-a) a municipality described by Section  
19 351.152(14);

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

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

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

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

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

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

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

27 [~~and~~]

- 1           (11-a) a municipality described by Section  
2 351.152(41);  
3           (12) a municipality described by Section 351.152(43);  
4           (13) a municipality described by Section 351.152(46);  
5           (14) a municipality described by Section 351.152(47);  
6           (15) a municipality described by Section 351.152(49);  
7           (16) a municipality described by Section 351.152(53);  
8           (17) a municipality described by Section 351.152(54);  
9           (18) a municipality described by Section 351.152(56);  
10 and  
11           (19) a municipality described by Section 351.152(58).

12           (c-1) A municipality to which this section applies is  
13 entitled to receive revenue under Subsection (d) derived from the  
14 following types of establishments that meet the requirements of  
15 Subsections (a)(1), (2), (3), and (4):

- 16           (1) restaurants;  
17           (2) bars;  
18           (3) retail establishments; and  
19           (4) swimming pools and swimming facilities owned or  
20 operated by the related qualified hotel.

21           SECTION 6. Subchapter C, Chapter 351, Tax Code, is amended  
22 by adding Section 351.161 to read as follows:

23           Sec. 351.161. RECAPTURE OF LOST STATE TAX REVENUE FROM  
24 CERTAIN MUNICIPALITIES. (a) This section:

25           (1) applies only to a qualified project that is first  
26 commenced on or after:

27           (A) January 1, 2024, unless Paragraph (B) applies

1 to the qualified project; or

2 (B) January 1, 2027, if the qualified project was  
3 authorized before January 1, 2023, by a municipality with a  
4 population of 175,000 or more; and

5 (2) notwithstanding Subdivision (1), does not apply to  
6 a qualified project that is the subject of an economic development  
7 agreement authorized by Chapter 380, Local Government Code, entered  
8 into on or before January 1, 2022.

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

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

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

23 (c) If the amount determined under Subsection (b)(1)  
24 exceeds the amount determined under Subsection (b)(2), the  
25 comptroller shall promptly provide written notice to the  
26 municipality stating that the municipality must remit to the  
27 comptroller the difference between those two amounts in the manner



1 provided by this subsection. The municipality shall, using money  
2 lawfully available to the municipality for the purpose, remit  
3 monthly payments to the comptroller in an amount equal to the total  
4 amount of municipal hotel occupancy tax revenue received by the  
5 municipality from the qualified hotel in the preceding month until  
6 the amount remitted to the comptroller equals the total amount due  
7 as stated in the notice. The first payment required under this  
8 subsection must be made not later than the 30th day after the date  
9 the municipality receives the notice from the comptroller.  
10 Subsequent payments are due on the 20th day of each month until the  
11 total amount stated in the notice is paid. The comptroller shall  
12 prescribe the procedure a municipality must use to remit a payment  
13 required by this subsection to the comptroller.

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

16 SECTION 7. Section [351.157\(c\)](#), Tax Code, is repealed.

17 SECTION 8. This Act takes effect September 1, 2023.

---

President of the Senate

---

Speaker of the House

I certify that H.B. No. 5012 was passed by the House on May 9, 2023, by the following vote: Yeas 117, Nays 20, 4 present, not voting; and that the House concurred in Senate amendments to H.B. No. 5012 on May 26, 2023, by the following vote: Yeas 119, Nays 21, 1 present, not voting.

---

Chief Clerk of the House

I certify that H.B. No. 5012 was passed by the Senate, with amendments, on May 24, 2023, by the following vote: Yeas 22, Nays 8.

---

Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

---

Governor