

1-1 By: Menéndez S.B. No. 627
 1-2 (In the Senate - Filed January 26, 2023; February 17, 2023,
 1-3 read first time and referred to Committee on Natural Resources &
 1-4 Economic Development; April 17, 2023, reported adversely, with
 1-5 favorable Committee Substitute by the following vote: Yeas 8,
 1-6 Nays 0; April 17, 2023, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14			X	
1-15	X			
1-16	X			
1-17	X			

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 627 By: Zaffirini

1-19 A BILL TO BE ENTITLED
 1-20 AN ACT

1-21 relating to the entitlement of certain municipalities to certain
 1-22 tax revenue related to a hotel and convention center project.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Section 351.153(a), Tax Code, is amended to read
 1-25 as follows:

1-26 (a) This section applies only to a municipality described by
 1-27 Section 351.152(5), (6), ~~[351.152(6)]~~ or (29).

1-28 SECTION 2. Sections 351.157(a), (b), and (c), Tax Code, are
 1-29 amended to read as follows:

1-30 (a) In this section, "qualified establishment" means an
 1-31 establishment:

1-32 (1) that is located on land:

1-33 (A) owned by a municipality; or

1-34 (B) owned by:

1-35 (i) any person if the establishment is
 1-36 located in a municipality described by Section 351.152(3); ~~[or]~~

1-37 (ii) ~~[owned by]~~ the federal government if the
 1-38 establishment is located in a municipality described by Section
 1-39 351.152(6); or

1-40 (iii) a nonprofit corporation, including a
 1-41 public facility corporation, that is acting as or on behalf of, or
 1-42 that is controlled by, a municipality, if the establishment is
 1-43 located in a municipality described by Section 351.152(5);

1-44 (2) the nearest exterior wall of which is located not
 1-45 more than 1,000 feet from the nearest exterior wall of a qualified
 1-46 hotel or qualified convention center facility;

1-47 (3) that is constructed:

1-48 (A) on or after the date the municipality
 1-49 commences a qualified project under this subchapter; or

1-50 (B) at any time if the establishment is located
 1-51 in a municipality described by Section 351.152(3);

1-52 (4) that is not a sports stadium; and

1-53 (5) that is the type of establishment described by
 1-54 Subsection (c) from which the municipality is entitled to receive
 1-55 revenue under Subsection (d).

1-56 (b) This section applies only to:

1-57 (1) a municipality described by Section 351.152(3);

1-58 (1-a) a municipality described by Section 351.152(5);

1-59 (2) a municipality described by Section 351.152(6);

1-60 (3) a municipality described by Section 351.152(7);

- 2-1 (4) a municipality described by Section 351.152(10);
- 2-2 (4-a) a municipality described by Section
- 2-3 351.152(14);
- 2-4 (5) a municipality described by Section 351.152(16);
- 2-5 (6) a municipality described by Section 351.152(22);
- 2-6 (7) a municipality described by Section 351.152(25);
- 2-7 (8) a municipality described by Section 351.152(34);
- 2-8 (9) a municipality described by Section 351.152(35);
- 2-9 (10) a municipality described by Section 351.152(36);
- 2-10 (11) a municipality described by Section 351.152(38);
- 2-11 and
- 2-12 (12) a municipality described by Section 351.152(43).
- 2-13 (c) A municipality is entitled to receive revenue under
- 2-14 Subsection (d) derived from the following types of establishments
- 2-15 that meet the requirements of Subsections (a)(1), (2), (3), and
- 2-16 (4):
- 2-17 (1) for a municipality described by Subsection (b)(1):
- 2-18 (A) restaurants, bars, and retail
- 2-19 establishments; and
- 2-20 (B) swimming pools and swimming facilities owned
- 2-21 or operated by the related qualified hotel;
- 2-22 (1-a) for a municipality described by Subsection
- 2-23 (b)(1-a):
- 2-24 (A) restaurants, bars, spas, and retail
- 2-25 establishments; and
- 2-26 (B) swimming pools and swimming facilities owned
- 2-27 or operated by the related qualified hotel;
- 2-28 (2) for a municipality described by Subsection (b)(2),
- 2-29 swimming pools and swimming facilities, restaurants, bars, and
- 2-30 retail establishments;
- 2-31 (3) for a municipality described by Subsection (b)(3),
- 2-32 restaurants, bars, and retail establishments;
- 2-33 (4) for a municipality described by Subsection (b)(4):
- 2-34 (A) restaurants, bars, and retail
- 2-35 establishments; and
- 2-36 (B) swimming pools and swimming facilities owned
- 2-37 or operated by the related qualified hotel;
- 2-38 (4-a) for a municipality described by Subsection
- 2-39 (b)(4-a):
- 2-40 (A) restaurants, bars, and retail
- 2-41 establishments; and
- 2-42 (B) swimming pools and swimming facilities owned
- 2-43 or operated by the related qualified hotel;
- 2-44 (5) for a municipality described by Subsection (b)(5),
- 2-45 restaurants, bars, and retail establishments;
- 2-46 (6) for a municipality described by Subsection (b)(6),
- 2-47 restaurants, bars, and retail establishments;
- 2-48 (7) for a municipality described by Subsection (b)(7),
- 2-49 restaurants, bars, and retail establishments;
- 2-50 (8) for a municipality described by Subsection (b)(8),
- 2-51 restaurants, bars, and retail establishments;
- 2-52 (9) for a municipality described by Subsection (b)(9),
- 2-53 restaurants, bars, and retail establishments;
- 2-54 (10) for a municipality described by Subsection
- 2-55 (b)(10):
- 2-56 (A) restaurants, bars, and retail
- 2-57 establishments; and
- 2-58 (B) swimming pools and swimming facilities owned
- 2-59 or operated by the related qualified hotel;
- 2-60 (11) for a municipality described by Subsection
- 2-61 (b)(11):
- 2-62 (A) restaurants, bars, and retail
- 2-63 establishments; and
- 2-64 (B) swimming pools and swimming facilities owned
- 2-65 or operated by the related qualified hotel; and
- 2-66 (12) for a municipality described by Subsection
- 2-67 (b)(12):
- 2-68 (A) restaurants, bars, and retail
- 2-69 establishments; and

3-1 (B) swimming pools and swimming facilities owned
3-2 or operated by the related qualified hotel.

3-3 SECTION 3. Subchapter C, Chapter 351, Tax Code, is amended
3-4 by adding Section 351.161 to read as follows:

3-5 Sec. 351.161. RECAPTURE OF LOST STATE TAX REVENUE FROM
3-6 CERTAIN MUNICIPALITIES. (a) This section applies only to a
3-7 qualified project that is first commenced on or after January 1,
3-8 2027, and was authorized before January 1, 2023, by a municipality
3-9 with a population of 175,000 or more.

3-10 (b) On the 20th anniversary of the date a hotel designated
3-11 as a qualified hotel by a municipality to which this section applies
3-12 is open for initial occupancy, the comptroller shall determine:

3-13 (1) the total amount of state tax revenue received
3-14 under Section 351.156 and, if applicable, under Section 351.157 by
3-15 the municipality from the qualified project of which the qualified
3-16 hotel was a part during the period for which the municipality was
3-17 entitled to receive that revenue; and

3-18 (2) the total amount of state tax revenue described by
3-19 Subdivision (1) received by the state during the period beginning
3-20 on the 10th anniversary of the date the qualified hotel opened for
3-21 initial occupancy and ending on the 20th anniversary of that date
3-22 from the same sources from which the municipality received the
3-23 revenue described by Subdivision (1).

3-24 (c) If the amount determined under Subsection (b)(1)
3-25 exceeds the amount determined under Subsection (b)(2), the
3-26 comptroller shall promptly provide written notice to the
3-27 municipality stating that the municipality must remit to the
3-28 comptroller the difference between those two amounts in the manner
3-29 provided by this subsection. The municipality shall, using money
3-30 lawfully available to the municipality for the purpose, remit
3-31 monthly payments to the comptroller in an amount equal to the total
3-32 amount of municipal hotel occupancy tax revenue received by the
3-33 municipality from the qualified hotel in the preceding month until
3-34 the amount remitted to the comptroller equals the total amount due
3-35 as stated in the notice. The first payment required under this
3-36 subsection must be made not later than the 30th day after the date
3-37 the municipality receives the notice from the comptroller.
3-38 Subsequent payments are due on the 20th day of each month until the
3-39 total amount stated in the notice is paid. The comptroller shall
3-40 prescribe the procedure a municipality must use to remit a payment
3-41 required by this subsection to the comptroller.

3-42 (d) The comptroller shall deposit revenue received under
3-43 this section in the manner prescribed by Section 156.251.

3-44 SECTION 4. This Act takes effect immediately if it receives
3-45 a vote of two-thirds of all the members elected to each house, as
3-46 provided by Section 39, Article III, Texas Constitution. If this
3-47 Act does not receive the vote necessary for immediate effect, this
3-48 Act takes effect September 1, 2023.

3-49 * * * * *