

AN ACT

relating to municipal and county hotel occupancy taxes.

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

SECTION 1. Sections 351.001(2), (6), (8), and (10), Tax Code, are amended to read as follows:

(2) "Convention center facilities" or "convention center complex" means facilities that are primarily used to host conventions and meetings. The term means civic centers, civic center buildings, auditoriums, exhibition halls, and coliseums that are owned by the municipality or other governmental entity or that are managed in whole or part by the municipality. In a municipality with a population of 1.5 million or more, "convention center facilities" or "convention center complex" means civic centers, civic center buildings, auditoriums, exhibition halls, and coliseums that are owned by the municipality or other governmental entity or that are managed in part by the municipality, hotels owned by the municipality or a nonprofit municipally sponsored local government corporation created under Chapter 431, Transportation Code, within 1,000 feet of a convention center owned by the municipality, or a historic hotel owned by the municipality or a nonprofit municipally sponsored local government corporation created under Chapter 431, Transportation Code, within one mile of a convention center owned by the municipality. The term includes parking areas or facilities that are for the parking or

1 storage of conveyances and that are located at or within 1,500 feet  
2 of the [~~in the vicinity of other~~] convention center facilities. The  
3 term also includes a hotel owned by or located on land that is owned  
4 by an eligible central municipality or by a nonprofit corporation  
5 acting on behalf of an eligible central municipality and that is  
6 located within 1,000 feet of a convention center facility owned by  
7 the municipality. The term also includes a hotel that is owned in  
8 part by an eligible central municipality described by Subdivision  
9 (7)(D) and that is located within 1,000 feet of a convention center  
10 facility. For purposes of this subdivision, "meetings" means  
11 gatherings [~~of people~~] that:

12 (A) are attended by:

13 (i) tourists; or

14 (ii) individuals who spend the night at a  
15 hotel or attend a meeting at a hotel; and

16 (B) enhance and promote tourism and the  
17 convention and hotel industry.

18 (6) "Tourist" means an individual who travels from the  
19 individual's residence to a different municipality, county, state,  
20 or country for business, pleasure, recreation, education, or  
21 culture.

22 (8) "Visitor information center" or "tourism  
23 information center" means a building or a portion of a building that  
24 is primarily used to distribute or disseminate information to  
25 tourists.

26 (10) "Multiuse facility" means a facility at which the  
27 majority of events attract tourists who substantially increase

1 economic activity at hotels in the municipality in which the  
2 facility is located. [~~"Revenue" includes any interest derived from~~  
3 ~~the revenue.~~]

4 SECTION 2. Section 351.009, Tax Code, is amended to read as  
5 follows:

6 Sec. 351.009. ANNUAL REPORT TO COMPTROLLER. (a) Not  
7 later than March 1 [~~February 20~~] of each year, a municipality that  
8 imposes the tax authorized by this chapter shall report to the  
9 comptroller:

10 (1) the rate of:

11 (A) the tax imposed by the municipality under  
12 this chapter; and

13 (B) if applicable, the tax imposed by the  
14 municipality under Subchapter H, Chapter 334, Local Government  
15 Code;

16 (2) the amount of revenue collected during the  
17 municipality's preceding fiscal year from:

18 (A) the tax imposed by the municipality under  
19 this chapter; and

20 (B) if applicable, the tax imposed by the  
21 municipality under Subchapter H, Chapter 334, Local Government  
22 Code; [~~and~~]

23 (3) the amount and percentage of the revenue described  
24 by Subdivision (2)(A) allocated by the municipality to each use  
25 authorized by this chapter for which the municipality used the  
26 revenue [~~described by Sections 351.101(a)(1), (2), (3), (4), (5),~~  
27 ~~and (9)~~] during the municipality's preceding fiscal year, stated

1 separately as an amount and percentage for each applicable use; and

2 (4) the total amount of any revenue described by  
3 Subdivision (2)(A) collected in any preceding fiscal year of the  
4 municipality that has not yet been spent by the municipality and the  
5 amount of that unexpended revenue, if any, that remains in the  
6 municipality's possession in the fiscal year in which the report is  
7 due [~~of those subdivisions~~].

8 (b) The municipality must make the report required by this  
9 section by[+]

10 [~~(1)~~] submitting the report to the comptroller on a  
11 form prescribed by the comptroller[~~, or~~

12 [~~(2) providing the comptroller a direct link to, or a~~  
13 ~~clear statement describing the location of, the information~~  
14 ~~required to be reported that is posted on the Internet website of~~  
15 ~~the municipality~~].

16 (c) The [~~Subject to Subsection (b)(2), the~~] comptroller  
17 shall prescribe the form a municipality must use for the report  
18 required to be submitted under this section.

19 (d) A municipality that is required to make a report to the  
20 comptroller under this section may use a portion of the revenue  
21 described by Subsection (a)(2)(A) for the costs incurred by the  
22 municipality in making and submitting the report. The amount of  
23 revenue a municipality may use each year for the purpose authorized  
24 by this subsection may not exceed:

25 (1) \$1,000 if the municipality has a population of  
26 less than 10,000; or

27 (2) \$2,500 if the municipality has a population of

1 10,000 or more.

2 (e) The comptroller may adopt rules necessary to administer  
3 this section.

4 SECTION 3. Section 351.101, Tax Code, is amended by adding  
5 Subsection (f-1) to read as follows:

6 (f-1) A municipality may not use municipal hotel occupancy  
7 tax revenue for a visitor information center under Subsection  
8 (a)(1) to acquire a site for, construct, improve, enlarge, equip,  
9 repair, staff, operate, or maintain any part of a building or  
10 facility that is not primarily used to distribute or disseminate  
11 tourism-related information to tourists.

12 SECTION 4. Section 351.1021(a)(3), Tax Code, is amended to  
13 read as follows:

14 (3) "Multipurpose convention center facility project"  
15 means a project that consists of a hotel owned by an eligible  
16 municipality or another person and a multipurpose convention center  
17 facility, the nearest exterior wall of which is located not more  
18 than 2,500 feet from the nearest exterior wall of the hotel. A  
19 multipurpose convention center facility project may include:

20 (A) each new or existing business located in the  
21 municipality, regardless of who owns the business or the property  
22 on which the business is located, the nearest exterior wall of which  
23 is located not more than 2,500 feet from the nearest exterior wall  
24 of the multipurpose convention center facility or the hotel that is  
25 part of the project;

26 (B) a parking shuttle or transportation system  
27 used primarily by tourists; and

1 (C) any parking area or structure located in the  
2 municipality, regardless of who owns the area or structure or the  
3 property on which the area or structure is located, the nearest  
4 property line of which is located not more than two miles from the  
5 nearest exterior wall of the multipurpose convention center  
6 facility.

7 SECTION 5. Sections 351.103(a), (b), and (c), Tax Code, are  
8 amended to read as follows:

9 (a) A municipality [~~At least 50 percent of the hotel~~  
10 ~~occupancy tax revenue collected by a municipality with a population~~  
11 ~~of 200,000 or greater must be allocated for the purposes provided by~~  
12 ~~Section 351.101(a)(3). For municipalities]~~ with a population of  
13 less than 200,000 shall allocate [~~, allocations]~~ for the purposes  
14 provided by Section 351.101(a)(3) an amount of hotel occupancy tax  
15 revenue collected by the municipality that is [~~are as follows:~~

16 [~~(1) if the tax rate in a municipality is not more than~~  
17 ~~three percent of the cost paid for a room, not less than the amount~~  
18 ~~of revenue received by the municipality from the tax at a rate of~~  
19 ~~one-half of one percent of the cost of the room, or~~

20 [~~(2) if the tax in a municipality exceeds three~~  
21 ~~percent of the cost of a room,~~] not less than the amount of revenue  
22 received by the municipality from the tax at a rate of one percent  
23 of the cost of a room. [~~This subsection does not apply to a~~  
24 ~~municipality, regardless of population, that before October 1,~~  
25 ~~1989, adopted an ordinance providing for the allocation of an~~  
26 ~~amount in excess of 50 percent of the hotel occupancy tax revenue~~  
27 ~~collected by the municipality for one or more specific purposes~~

1 ~~provided by Section 351.101(a)(1) until the ordinance is repealed~~  
2 ~~or expires or until the revenue is no longer used for those specific~~  
3 ~~purposes in an amount in excess of 50 percent of the tax revenue.]~~

4 (b) A ~~[Subsection (a) does not apply to a municipality in a~~  
5 ~~fiscal year of the municipality if the total amount of hotel~~  
6 ~~occupancy tax collected by the municipality in the most recent~~  
7 ~~calendar year that ends at least 90 days before the date the fiscal~~  
8 ~~year begins exceeds \$2 million. A municipality excepted from the~~  
9 ~~application of Subsection (a) by this subsection shall allocate~~  
10 ~~hotel occupancy tax revenue by ordinance, consistent with the other~~  
11 ~~limitations of this section. The portion of the tax revenue~~  
12 ~~allocated by a]~~ municipality with a population of more than 1.6  
13 million shall allocate at least 23 percent of the hotel occupancy  
14 tax revenue collected by the municipality for the purposes provided  
15 by Section 351.101(a)(3) ~~[may not be less than 23 percent]~~, except  
16 that the allocation is subject to and may not impair the authority  
17 of the municipality to:

18 (1) pledge all or any portion of that tax revenue to  
19 the payment of bonds as provided by Section 351.102(a) or bonds  
20 issued to refund bonds secured by that pledge; or

21 (2) spend all or any portion of that tax revenue for  
22 the payment of operation and maintenance expenses of convention  
23 center facilities.

24 (c) Not more than 15 percent of the hotel occupancy tax  
25 revenue collected by a municipality, other than a municipality  
26 having a population of more than 1.6 million, or the amount of tax  
27 received by the municipality at the rate of one percent of the cost

1 of a room, whichever is greater, may be used for the purposes  
2 provided by Section 351.101(a)(4). Not more than 19.30 percent of  
3 the hotel occupancy tax revenue collected by a municipality having  
4 a population of more than 1.6 million, or the amount of tax received  
5 by the municipality at the rate of one percent of the cost of a room,  
6 whichever is greater, may be used for the purposes provided by  
7 Section 351.101(a)(4). Not more than 15 percent of the hotel  
8 occupancy tax revenue collected by a municipality [~~having a~~  
9 ~~population of more than 125,000~~] may be used for the purposes  
10 provided by Section 351.101(a)(5). A municipality that before  
11 January 1, 2023, adopted in accordance with state law an ordinance  
12 providing for the allocation of an amount in excess of 15 percent of  
13 the hotel occupancy tax revenue collected by the municipality for  
14 one or more of the specific purposes provided by Section  
15 351.101(a)(5) may allocate tax revenue as provided by that  
16 ordinance until the ordinance is repealed or expires or until the  
17 revenue is no longer used for those specific purposes.

18 SECTION 6. Section 351.110(c), Tax Code, is amended to read  
19 as follows:

20 (c) This section does not authorize the use of revenue  
21 derived from the tax imposed under this chapter for a  
22 transportation system that serves the general public other than for  
23 a system [~~that transports tourists as~~] described by Subsection (a)  
24 that is primarily used by tourists.

25 SECTION 7. Subchapter C, Chapter 351, Tax Code, is amended  
26 by adding Sections 351.161, 351.162, and 351.163 to read as  
27 follows:



1       Sec. 351.161. APPLICATION OF OTHER LAW. This subchapter  
2 may not be construed as authorizing the taking of private property  
3 for economic development purposes in a manner inconsistent with the  
4 requirements of Section 17, Article I, Texas Constitution, or  
5 Section 2206.001, Government Code.

6       Sec. 351.162. RECAPTURE OF LOST STATE TAX REVENUE FROM  
7 CERTAIN MUNICIPALITIES. (a) This section:

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

10               (A) January 1, 2024, unless Paragraph (B) applies  
11 to the qualified project; or

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

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

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

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

27           (2) the total amount of state tax revenue described by

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

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

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

26 Sec. 351.163. REPORT ON QUALIFIED PROJECTS. (a) Not later  
27 than December 1 of each even-numbered year, the comptroller shall

1 prepare a report on the status of each qualified project.

2 (b) The report must include, for each qualified project:

3 (1) the location and a description of the project,  
4 including the current status of the project;

5 (2) the number of qualified hotels and qualified  
6 convention center facilities associated with the project;

7 (3) the total amount of tax revenue received by a  
8 municipality under Section 351.156 and, if applicable, Section  
9 351.157 as a result of the project;

10 (4) the amount of state tax revenue generated by the  
11 project that has been received by the state after the period of  
12 entitlement for the project as prescribed by Section 351.158 has  
13 ended; and

14 (5) whether the municipality is required to remit  
15 payments to the comptroller under Section 351.162 as a result of the  
16 project.

17 (c) The comptroller may include in the report any additional  
18 information the comptroller determines is necessary to evaluate the  
19 effect of each qualified project on the economy of this state.

20 (d) The comptroller shall:

21 (1) post a copy of the report on the comptroller's  
22 Internet website; and

23 (2) provide a copy of the report to the lieutenant  
24 governor, the speaker of the house of representatives, and each  
25 other member of the legislature.

26 SECTION 8. Section 352.009, Tax Code, is amended to read as  
27 follows:

1           Sec. 352.009. ANNUAL REPORT TO COMPTROLLER. (a) Not  
2 later than March 1 [~~February 20~~] of each year, a county that imposes  
3 the tax authorized by this chapter shall report to the comptroller:

4                   (1) the rate of:

5                           (A) the tax imposed by the county under this  
6 chapter; and

7                           (B) if applicable, the tax imposed by the county  
8 under Subchapter H, Chapter 334, Local Government Code; [~~and~~]

9                   (2) the amount of revenue collected during the  
10 county's preceding fiscal year from:

11                           (A) the tax imposed by the county under this  
12 chapter; and

13                           (B) if applicable, the tax imposed by the county  
14 under Subchapter H, Chapter 334, Local Government Code;

15                   (3) the amount and percentage of the revenue described  
16 by Subdivision (2)(A) allocated by the county to each use  
17 authorized by this chapter for which the county used the revenue  
18 during the county's preceding fiscal year, stated separately as an  
19 amount and percentage for each applicable use; and

20                   (4) the total amount of any revenue described by  
21 Subdivision (2)(A) collected in any preceding fiscal year of the  
22 county that has not yet been spent by the county and the amount of  
23 that unexpended revenue, if any, that remains in the county's  
24 possession in the fiscal year in which the report is due.

25           (b) The county must make the report required by this section  
26 by[+]

27                   [~~(1)~~] submitting the report to the comptroller on a

1 form prescribed by the comptroller [~~or~~

2  ~~[(2) providing the comptroller a direct link to, or a~~  
3  ~~clear statement describing the location of, the information~~  
4  ~~required to be reported that is posted on the Internet website of~~  
5  ~~the county].~~

6 (c) The [~~Subject to Subsection (b)(2), the~~] comptroller  
7 shall prescribe the form a county must use for the report required  
8 to be submitted under this section.

9 (d) A county that is required to make a report to the  
10 comptroller under this section may use a portion of the revenue  
11 described by Subsection (a)(2)(A) for the costs incurred by the  
12 county in making and submitting the report. The amount of revenue a  
13 county may use each year for the purpose authorized by this  
14 subsection may not exceed:

15 (1) \$1,000 if the county has a population of less than  
16 10,000; or

17 (2) \$2,500 if the county has a population of 10,000 or  
18 more.

19 (e) The comptroller may adopt rules necessary to administer  
20 this section.

21 SECTION 9. The following provisions of the Tax Code are  
22 repealed:

23 (1) Sections 351.103(d) and (e); and

24 (2) Section 351.110(b).

25 SECTION 10. The comptroller of public accounts shall  
26 prescribe the form of the report required under Sections 351.009  
27 and 352.009, Tax Code, as amended by this Act, not later than

1 January 1, 2024. A municipality or county required to make a report  
2 under those sections must submit the 2024 report using the form  
3 prescribed by the comptroller under this section.

4 SECTION 11. This Act takes effect immediately if it  
5 receives a vote of two-thirds of all the members elected to each  
6 house, as provided by Section 39, Article III, Texas Constitution.  
7 If this Act does not receive the vote necessary for immediate  
8 effect, this Act takes effect September 1, 2023.

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Speaker of the House

I hereby certify that S.B. No. 1420 passed the Senate on April 12, 2023, by the following vote: Yeas 29, Nays 2; and that the Senate concurred in House amendment on May 17, 2023, by the following vote: Yeas 29, Nays 2.

\_\_\_\_\_  
Secretary of the Senate

I hereby certify that S.B. No. 1420 passed the House, with amendment, on May 12, 2023, by the following vote: Yeas 106, Nays 34, two present not voting.

\_\_\_\_\_  
Chief Clerk of the House

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Governor