

By: Craddick

H.B. No. 2974

A BILL TO BE ENTITLED

AN ACT

relating to municipal and county hotel occupancy taxes 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; authorizing the imposition of taxes.

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

SECTION 1. Section 334.0082, Local Government Code, is amended by adding Subsections (d), (e), (f), and (g) to read as follows:

(d) Notwithstanding Subsection (a) and subject to this subsection, this section also applies to a municipality that has a population of at least 70,000 but not more than 180,000 and that is located in a county that borders the United Mexican States and the Gulf of Mexico. A municipality described by this subsection may impose a tax as authorized under Subsection (b)(2) only to finance a convention center constructed before January 1, 2023. The authority of the municipality to impose the tax as authorized under Subsection (b)(2) expires on the earlier of:

(1) the date the debt issued for the convention center described by this subsection is repaid; or

(2) January 1, 2054.

(e) Subsection (d) and this subsection expire January 1, 2054.

1        (f) Notwithstanding Subsection (a) and subject to this  
2 subsection, this section also applies to a municipality that has a  
3 population of not more than 25,000, that contains a cultural  
4 heritage museum, and that is located in a county that borders the  
5 United Mexican States and the Gulf of Mexico. A municipality  
6 described by this subsection may impose a tax as authorized under  
7 Subsection (b)(2) only to finance a convention center constructed  
8 before January 1, 2025. The authority of the municipality to impose  
9 the tax as authorized under Subsection (b)(2) expires on the  
10 earlier of:

11                (1) the date the debt issued for the convention center  
12 described by this subsection is repaid; or

13                (2) January 1, 2056.

14        (g) Subsection (f) and this subsection expire January 1,  
15 2056.

16        SECTION 2. Sections [351.101](#)(a) and (q), Tax Code, are  
17 amended to read as follows:

18        (a) Revenue from the municipal hotel occupancy tax may be  
19 used only to promote tourism and the convention and hotel industry,  
20 and that use is limited to the following:

21                (1) the acquisition of sites for and the construction,  
22 improvement, enlarging, equipping, repairing, operation, and  
23 maintenance of convention center facilities or visitor information  
24 centers, or both;

25                (2) the furnishing of facilities, personnel, and  
26 materials for the registration of convention delegates or  
27 registrants;

1           (3) advertising and conducting solicitations and  
2 promotional programs to attract tourists and convention delegates  
3 or registrants to the municipality or its vicinity;

4           (4) the encouragement, promotion, improvement, and  
5 application of the arts, including instrumental and vocal music,  
6 dance, drama, folk art, creative writing, architecture, design and  
7 allied fields, painting, sculpture, photography, graphic and craft  
8 arts, motion pictures, radio, television, tape and sound recording,  
9 and other arts related to the presentation, performance, execution,  
10 and exhibition of these major art forms;

11           (5) historical restoration and preservation projects  
12 or activities or advertising and conducting solicitations and  
13 promotional programs to encourage tourists and convention  
14 delegates to visit preserved historic sites or museums:

15                 (A) at or in the immediate vicinity of convention  
16 center facilities or visitor information centers; or

17                 (B) located elsewhere in the municipality or its  
18 vicinity that would be frequented by tourists and convention  
19 delegates;

20           (6) expenses, including promotion expenses, directly  
21 related to a sporting event in which the majority of participants  
22 are tourists who substantially increase economic activity at hotels  
23 and motels within the municipality or its vicinity if:

24                 (A) the municipality is located in a county with  
25 a population of one million or less;

26                 (B) the municipality has a population of more  
27 than 67,000 and is located in two counties with 90 percent of the

municipality's territory located in a county with a population of at least 800,000, and the remaining territory located in a county with a population of at least four million; ~~or~~

(C) the municipality has a population of at least 200,000 and shares a border with:

(i) a municipality with a population of at least 62,000 that:

(a) borders Lake Ray Hubbard; and

(b) is located in two counties, one of which has a population of less than 110,000; and

(ii) Lake Ray Hubbard; or

(D) the municipality:

(i) has a population of at least 9,000;

(ii) is wholly located in a county in which the State Capitol is located; and

(iii) is adjacent to or bisected by State Highway 71;

(7) subject to Section 351.1076, the promotion of tourism by the enhancement and upgrading of existing sports facilities or fields if:

(A) the municipality owns the facilities or fields;

(B) the municipality:

(i) has a population of 80,000 or more and is located in a county that has a population of 610,000 or less;

(ii) has a population of at least 80,000 but not more than 125,000 and is located in a county that has a

1 population of less than 240,000 but more than 233,500;

2 (iii) has:

3 (a) a population of at least 10,000  
4 and is located in a county that has a population of more than 70,000  
5 and borders Lake Livingston; or

6 (b) a population of 36,000 or more and  
7 is located in a county with a population of less than 95,000 that  
8 borders Oklahoma;

9 (iv) has a population of at least 13,000 but  
10 less than 48,000 and is located in a county that has a population of  
11 at least 200,000;

12 (v) has a population of at least 70,000 but  
13 less than 90,000 and no part of which is located in a county with a  
14 population greater than 150,000;

15 (vi) is located in a county that:

16 (a) is adjacent to the Texas-Mexico  
17 border;

18 (b) has a population of at least  
19 500,000; and

20 (c) does not have a municipality with  
21 a population greater than 500,000;

22 (vii) is located in a county that has a  
23 population of 100,000 or less and the municipality has a population  
24 of:

25 (a) more than 24,400 and less than  
26 25,000; or

27 (b) more than 28,150 and less than

1 31,000;

2 (viii) is located in a county that has a  
3 population of ~~[not]~~ more than 90,000, is adjacent to a bay connected  
4 to the Gulf of Mexico, and contains a portion of the Guadalupe River  
5 ~~[300,000 and in which a component university of the University of~~  
6 ~~Houston System is located]~~;

7 (ix) has a population of at least 40,000 and  
8 the San Marcos River flows through the municipality;

9 (x) has a population of more than 67,000 and  
10 is located in two counties with 90 percent of the municipality's  
11 territory located in a county with a population of at least 800,000,  
12 and the remaining territory located in a county with a population of  
13 at least four million;

14 (xi) contains an intersection of  
15 Interstates 35E and 35W and at least two public universities; or

16 (xii) is described by Subdivision (6)(C);  
17 and

18 (C) the sports facilities and fields have been  
19 used, in the preceding calendar year, a combined total of more than  
20 10 times for district, state, regional, or national sports  
21 tournaments;

22 (8) for a municipality with a population of at least  
23 70,000 but less than 90,000, no part of which is located in a county  
24 with a population greater than 150,000, the construction,  
25 improvement, enlarging, equipping, repairing, operation, and  
26 maintenance of a coliseum or multiuse facility;

27 (9) signage directing the public to sights and

1 attractions that are visited frequently by hotel guests in the  
2 municipality;

3 (10) the construction, improvement, enlarging,  
4 equipping, repairing, operation, and maintenance of a coliseum or  
5 multiuse facility, if the municipality:

6 (A) has a population of at least 90,000 but less  
7 than 120,000; and

8 (B) is located in two counties, at least one of  
9 which contains the headwaters of the San Gabriel River; and

10 (11) for a municipality with a population of more than  
11 175,000 but less than 225,000 that is located in two counties, each  
12 of which has a population of less than 200,000, the construction,  
13 improvement, enlarging, equipping, repairing, operation, and  
14 maintenance of a coliseum or multiuse facility and related  
15 infrastructure or a venue, as defined by Section 334.001(4), Local  
16 Government Code, that is related to the promotion of tourism.

17 (q) In addition to the purposes provided by Subsections (a)  
18 and (e), a municipality described by Section 351.152(75) or a  
19 municipality with a population of more than 10,000 that has a city  
20 hall located less than three miles from a space center operated by  
21 an agency of the federal government and that is wholly located in a  
22 county with a population of four million or more may use revenue  
23 from the hotel occupancy tax for the construction, improvement,  
24 enlarging, equipping, renovating, repairing, operation, and  
25 maintenance of a coliseum or multiuse facility and related  
26 infrastructure or a venue, as defined by Section 334.001(4), Local  
27 Government Code, that is related to the promotion of tourism,

1 including a hotel, resort, or convention center facility located on  
2 land owned by the municipality or a nonprofit corporation acting on  
3 behalf of the municipality. This subsection does not authorize a  
4 municipality described by Section 351.152(75) to use revenue from  
5 the hotel occupancy tax for the construction, improvement,  
6 enlarging, equipping, renovating, repairing, operation, or  
7 maintenance of a road, street, or water or sewer facility.

8 SECTION 3. Section 351.1066(a), Tax Code, is amended to  
9 read as follows:

10 (a) This section applies only to:

11 (1) a municipality with a population of at least 3,500  
12 but less than 5,500 that is the county seat of a county with a  
13 population of less than 50,000 that borders a county with a  
14 population of more than 1.6 million;

15 (2) a municipality with a population of at least 2,800  
16 but less than 3,500 that is the county seat of a county with a  
17 population of less than 22,000 that is bordered by the Trinity River  
18 and includes a state park and a portion of a wildlife management  
19 area;

20 (3) a municipality with a population of at least 8,000  
21 that is located in a county that borders the Pecos River and that  
22 has a population of not more than 15,000;

23 (4) a municipality with a population of not more than  
24 15,000 that is located in a county through which the Frio River  
25 flows and an interstate highway crosses, and that has a population  
26 of at least 15,000;

27 (5) a municipality with a population of not less than



1 7,500 that is located in a county with a population of not less than  
2 40,000 but less than 250,000 that is adjacent to a county with a  
3 population of less than 750;

4 (6) a municipality that is the county seat of a county  
5 with a population of at least 8,500 and that county contains part of  
6 the Chaparral Wildlife Management Area; ~~and~~

7 (7) a municipality that has a population of not more  
8 than 25,000, that contains a cultural heritage museum, and that is  
9 located in a county that borders the United Mexican States and the  
10 Gulf of Mexico;

11 (8) a municipality that:

12 (A) has a population of at least 9,000;

13 (B) is wholly located in a county in which the  
14 State Capitol is located; and

15 (C) is adjacent to or bisected by State Highway  
16 71; and

17 (9) a municipality that is the county seat of a county  
18 with a population of more than 10,000 that contains a state park  
19 featuring sandhills.

20 SECTION 4. Section 351.10712(a), Tax Code, is amended to  
21 read as follows:

22 (a) This section applies only to:

23 (1) a municipality with a population of at least  
24 95,000 that is located in a county that is bisected by United States  
25 Highway 385 and has a population of not more than 170,000; and

26 (2) a municipality located in a county that has a  
27 population of ~~not~~ more than 90,000, is adjacent to a bay connected

1 to the Gulf of Mexico, and contains a portion of the Guadalupe River  
2 [300,000 and in which a component university of the University of  
3 Houston System is located].

4 SECTION 5. Subchapter B, Chapter 351, Tax Code, is amended  
5 by adding Section 351.111 to read as follows:

6 Sec. 351.111. ALLOCATION OF REVENUE: CERTAIN  
7 MUNICIPALITIES. (a) This section applies only to a municipality  
8 that is the county seat of a county that borders New Mexico and  
9 contains a portion of a state park that is located in two counties.

10 (b) Subject to Subsections (c) and (e), in addition to other  
11 authorized uses, a municipality to which this section applies may  
12 use revenue from the municipal hotel occupancy tax for the  
13 promotion of tourism by funding public improvement projects that  
14 directly benefit the hotel and tourism industry.

15 (c) A municipality to which this section applies may not use  
16 municipal hotel occupancy tax revenue under this section:

17 (1) to fund more than 25 percent of the total costs of  
18 a public improvement project described by Subsection (b); or

19 (2) in an amount that causes the total amount of  
20 municipal hotel occupancy tax revenue used for the purposes  
21 described by Section 351.101(a) during a calendar year to be less  
22 than the average annual amount of municipal hotel occupancy tax  
23 revenue used by the municipality for those purposes during the  
24 36-month period preceding the municipality's use of the revenue  
25 under Subsection (b).

26 (d) Notwithstanding any other law, on or after the eighth  
27 anniversary of the date a municipality first uses municipal hotel

occupancy tax revenue for a public improvement project described by Subsection (b), the municipality may not impose a municipal hotel occupancy tax at a rate that exceeds two percent of the price paid for a room in a hotel.

(e) A municipality to which this section applies may not use municipal hotel occupancy tax revenue for a public improvement project described by Subsection (b) after December 31, 2034.

SECTION 6. 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);

(3-a) a municipality described by Section 351.001(11);

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

(5) a municipality that contains more than 70 percent of the population of a county with a population of 1.5 million or more;

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

1           (7) a municipality with a population of 250,000 or  
2 more but less than one million that is located in one county with a  
3 population of 2.5 million or more;

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

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

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

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

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

15           (11) a municipality with a population of at least  
16 95,000 that is located in a county that is bisected by United States  
17 Highway 385 and has a population of not more than 170,000;

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

21           (13) a municipality with a population of 28,000 or  
22 more but less than 31,000 that is located in two counties, each of  
23 which has a population of 900,000 or more and a southern border with  
24 a county with a population of 2.5 million or more;

25           (14) a municipality with a population of 200,000 or  
26 more but less than 300,000 that contains a component institution of  
27 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 2.5 million or more and one of which has a population of 190,000 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 10,000 that:

(A) is almost wholly located in a county with a population of 900,000 or more that is adjacent to a county with a population of 2.5 million or more;

(B) is partially located in a county with a population of 2.1 million or more that is adjacent to a county with a population of 2.5 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 60,000 or more that:

(A) borders Lake Ray Hubbard; and

(B) is located in two counties, one of which has a

1 population of less than 110,000;

2                   (19) a municipality with a population of 110,000 or  
3 more that:

4                   (A) borders Clear Lake; and

5                   (B) is primarily located in a county with a  
6 population of less than 355,000;

7                   (20) a municipality with a population of less than  
8 2,000 that:

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

11                   (B) is located in a county with a population of  
12 290,000 or more that is adjacent to a county with a population of  
13 four million or more; and

14                   (C) has a boardwalk on the bay;

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

17                   (A) is located wholly in one county with a  
18 population of 800,000 or more that is adjacent to a county with a  
19 population of four million or more; and

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

22                   (22) a municipality with a population of less than  
23 70,000 that is located in three counties, at least one of which has  
24 a population of four million or more;

25                   (23) an eligible coastal municipality with a  
26 population of 2,900 or more but less than 5,000;

27                   (24) a municipality with a population of [~~90,000 or~~

1 ~~more but~~] less than 70,000 that is in three counties, at least one  
2 of which has a population of at least four million [~~150,000 that:~~

3 [~~(A) is located in three counties, and~~

4 [~~(B) contains a branch campus of a component~~  
5 ~~institution of the University of Houston System]~~;

6 (25) a municipality that is:

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

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

11 (26) a municipality with a population of 25,000 or  
12 more but less than 30,000 that:

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

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

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

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

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

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

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

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

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

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

6 (31) a municipality with a population of 70,000 or  
7 more but less than 115,000 that is located in two counties, one of  
8 which has a population of 1.1 million or more but less than 1.9  
9 million;

10 (32) a municipality with a population of less than  
11 25,000 that contains a museum of Western American art;

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

15 (34) a municipality with a population of less than  
16 25,000 that:

17 (A) contains a cultural heritage museum; and

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

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

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

23 (B) is adjacent to a county with a population of  
24 2.1 million or more; and

25 (C) hosts an annual peach festival;

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



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

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

4 (37) a municipality with a population of less than  
5 10,000 that:

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

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

10 (38) a municipality with a population of less than  
11 17,000 that:

12 (A) is located in two counties, each of which has  
13 a population of 900,000 or more but less than two million; and

14 (B) hosts an annual Cajun Festival;

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

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

18 (B) is located in a county:

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

20 and

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

23 (40) a municipality with a population of 3,200 or more  
24 that:

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

26 (B) is located not more than five miles from a  
27 state historic site that serves as a visitor center for a state park

1 that contains 300,000 or more acres of land;

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

5 (42) a municipality with a population of 28,000 or  
6 more that is located in a county with a population of 240,000 or  
7 more that contains a portion of the Blanco River and in which is  
8 located a historic railroad depot and heritage center;

9 (43) a municipality located in a county that has a  
10 population of ~~[not]~~ more than 90,000, is adjacent to a bay connected  
11 to the Gulf of Mexico, and contains a portion of the Guadalupe River  
12 ~~[300,000 and in which a component university of the University of~~  
13 ~~Houston System is located]~~;

14 (44) a municipality with a population of less than  
15 500,000 that is:

16 (A) located in two counties; and

17 (B) adjacent to a municipality described by  
18 Subdivision (31);

19 (45) a municipality that:

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

21 (B) is located in two counties with 90 percent of  
22 the municipality's territory located in a county with a population  
23 of at least 800,000, and the remaining territory located in a county  
24 with a population of at least four million;

25 (46) a municipality that:

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

27 (B) is wholly located in, but is not the county

1 seat of, a county with a population of one million or more:

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

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

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

8 (48) a municipality that is bisected by the Guadalupe  
9 River and is the county seat of a county with a population of  
10 170,000 or more;

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

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

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

16 (52) a municipality that is the county seat of a  
17 county:

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

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

20 (53) a municipality with a population of 45,000 or  
21 more that:

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

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

24 (C) contains a portion of Lake Lewisville;

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

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

4           (56) a municipality that has a population of at least  
5 150,000 but less than 1,300,000 and is partially located in a county  
6 that contains a portion of Cedar Creek Reservoir;

7           (57) a municipality that is located in a county that  
8 contains a portion of Cedar Creek Reservoir and in which a private  
9 college is located;

10          (58) a municipality that is the county seat of a  
11 county:

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

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

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

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

20          (60) a municipality with a population of more than  
21 80,000 but less than 150,000 that is located in a county with a  
22 population of more than 369,000 but less than 864,000 that contains  
23 part of an active duty United States Army installation;

24          (61) a municipality with a population of 750,000 or  
25 more that is located in a county with a population of 1.5 million or  
26 less;

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

1 7,000 that contains a country music hall of fame;

2 (63) a municipality with a population of 35,000 or  
3 more that contains a railroad museum and is located in a county  
4 that:

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

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

8 (64) a municipality:

9 (A) that is the county seat of a county:

10 (i) with a population of 60,000 or less; and

11 (ii) that borders the Rio Grande; and

12 (B) in which is located a United States military  
13 fort listed in the National Register of Historic Places;

14 (65) a municipality through which the Comal River  
15 flows;

16 (66) a municipality with a population of 7,000 or more  
17 that contains Lake Marble Falls;

18 (67) a municipality that:

19 (A) has a population of more than 130,000 but  
20 less than 1.3 million; and

21 (B) is located in three counties, each of which  
22 has a population of more than 900,000;

23 (68) a municipality with a population of 47,000 or  
24 more that:

25 (A) is located in two counties, one of which has a  
26 population of 2.1 million or more and one of which has a population  
27 of 179,000 or more; and

1                   (B) is bisected by State Highway 174;

2                   (69) a municipality with a population of more than  
3 240,000 but less than 270,000 that borders a man-made lake that has  
4 a surface area of more than 20,000 acres;

5                   (70) a municipality that is the county seat of a county  
6 that:

7                   (A) has a population of 600,000 or more; and

8                   (B) is adjacent to the county that contains the  
9 State Capitol;

10                   (71) a municipality described by Section  
11 334.0082(a)(2), Local Government Code;

12                   (72) a municipality that:

13                   (A) has a population of 10,000 or more but less  
14 than 75,000;

15                   (B) is located in two counties, one of which is a  
16 county in which the State Capitol is located; and

17                   (C) hosts an annual German festival;

18                   (73) a municipality that:

19                   (A) is located in a county with a population of  
20 600,000 or more that is adjacent to the county that contains the  
21 State Capitol; and

22                   (B) has a population of more than 16,000 but less  
23 than 27,000;

24                   (74) a municipality with a population of more than  
25 16,000 but less than 18,000 that is located in a county with a  
26 population of more than 2.5 million that is adjacent to a county  
27 with a population of more than 2.1 million;

1           (75) a municipality with a population of more than  
2 285,000 that is wholly located in two counties, each with a  
3 population of more than 900,000; and

4           (76) a municipality with a population of 15,000 or  
5 more but less than 30,000, that is bisected by United States Highway  
6 75, and that is wholly located in a county:

7                   (A) with a population of 750,000 or more;

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

10                   (C) that is adjacent to a county with a  
11 population of two million or more.

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

14           (a) This section applies only to a municipality described by  
15 Section 351.152(5), (6), (22), (29), or (58).

16           SECTION 8. Subchapter C, Chapter 351, Tax Code, is amended  
17 by adding Section 351.1535 to read as follows:

18           Sec. 351.1535. EXCEPTIONS APPLICABLE TO ELIGIBLE BARRIER  
19 ISLAND COASTAL MUNICIPALITY. (a) This section applies only to a  
20 municipality described by Section 351.001(11).

21           (b) Sections 351.151(2)(B) and (C) do not apply to a  
22 facility:

23                   (1) that otherwise meets the requirements of a  
24 qualified convention center facility under Section 351.151;

25                   (2) that is:

26                           (A) wholly owned by a municipality to which this  
27 section applies or the county in which a municipality to which this

section applies is located; and

(B) not owned in undivided interest;

(3) for which the nearest qualified hotel is located near a natural impediment, including open water or protected wetlands, that makes it impractical for the facility to be located not more than 1,000 feet from the nearest exterior wall of the qualified hotel; and

(4) that has an exterior wall that is located not more than 2,000 feet from the nearest exterior wall of a qualified hotel.

(c) Sections 351.151(3)(A) and (B) do not apply to a hotel:

(1) that otherwise meets the requirements of a qualified hotel under Section 351.151;

(2) that is located on land owned by the designating municipality or the county in which the designating municipality is located;

(3) for which the nearest qualified convention center facility is located near a natural impediment, including open water or protected wetlands, that makes it impractical for the hotel to be located not more than 1,000 feet from the nearest exterior wall of the qualified convention center facility; and

(4) that has an exterior wall that is located not more than 2,000 feet from the nearest exterior wall of a qualified convention center facility.

(d) Notwithstanding Section 351.151(4)(B)(i)(b), a parking area or structure that otherwise meets the requirements of a qualified project under Section 351.151 may be located not more than 2,000 feet from the nearest property line of a qualified



1 convention center facility or qualified hotel if the facility or  
2 hotel is located near a natural impediment, including open water or  
3 protected wetlands, that makes it impractical to acquire, lease,  
4 construct, repair, remodel, expand, or equip a parking area or  
5 structure located not more than 1,000 feet from the facility or  
6 hotel.

7 (e) Section 351.151(4)(B)(ii)(b) does not apply to  
8 infrastructure:

9 (1) for which the qualified convention center facility  
10 or qualified hotel is located near a natural impediment, including  
11 open water or protected wetlands, that makes it impractical to  
12 acquire, construct, repair, remodel, or expand infrastructure  
13 located not more than 1,000 feet from the facility or hotel; and

14 (2) that is located not more than 2,000 feet from the  
15 nearest property line of the qualified convention center facility  
16 or qualified hotel.

17 SECTION 9. Section 351.155(d), Tax Code, is amended to read  
18 as follows:

19 (d) Subsection (c) does not apply to:

20 (1) a municipality with a population of 175,000 or  
21 more; or

22 (2) a municipality described by Section 351.152(12)  
23 that has a population of 130,000 or more.

24 SECTION 10. Section 351.157, Tax Code, is amended by  
25 amending Subsection (a) and adding Subsection (b-1) to read as  
26 follows:

27 (a) In this section, "qualified establishment" means an

1 establishment:

2 (1) that is located on land:

3 (A) owned by a municipality; or

4 (B) owned by:

5 (i) any person if the establishment is  
6 located in a municipality described by Section 351.152(3) or (22);

7 (ii) the federal government if the  
8 establishment is located in a municipality described by Section  
9 351.152(6); or

10 (iii) a nonprofit corporation, including a  
11 public facility corporation, that is acting as or on behalf of, or  
12 that is controlled by, a municipality, if the establishment is  
13 located in a municipality described by Section 351.152(5);

14 (2) the nearest exterior wall of which is located not  
15 more than 1,000 feet from the nearest exterior wall of a qualified  
16 hotel or qualified convention center facility;

17 (3) that is constructed:

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

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

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

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

26 (b-1) In addition to the municipalities described by  
27 Subsection (b), this section applies to a municipality described by

1 Section 351.155(d)(2).

2 SECTION 11. Section 351.158, Tax Code, is amended to read as  
3 follows:

4 Sec. 351.158. PERIOD OF ENTITLEMENT. (a) Except as  
5 provided by Subsection (b), a [A] municipality is entitled to  
6 receive revenue as provided by Sections 351.156 and 351.157 until  
7 the 10th anniversary of the date the qualified hotel to which the  
8 entitlement relates is open for initial occupancy.

9 (b) A municipality described by Section 351.152(46) is  
10 entitled to receive revenue as provided by Sections 351.156 and  
11 351.157 until the 20th anniversary of the date the qualified hotel  
12 to which the entitlement relates is open for initial occupancy.

13 SECTION 12. Section 351.161(a), Tax Code, as added by  
14 Chapter 1030 (S.B. 627), Acts of the 88th Legislature, Regular  
15 Session, 2023, is amended to read as follows:

16 (a) This section applies only to a municipality described by  
17 Section 351.152(5) or (75).

18 SECTION 13. Section 351.162, Tax Code, is amended by  
19 amending Subsections (b) and (c) and adding Subsection (b-1) to  
20 read as follows:

21 (b) Except as provided by Subsection (b-1), on [On] the 20th  
22 anniversary of the date a hotel designated as a qualified hotel by a  
23 municipality as part of a qualified project to which this section  
24 applies is open for initial occupancy, the comptroller shall  
25 determine:

26 (1) the total amount of state tax revenue received  
27 under Section 351.156 and, if applicable, under Section 351.157 by

the municipality from the qualified project 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).

(b-1) On the 40th anniversary of the date a hotel designated as a qualified hotel by a municipality described by Section 351.152(46) as part of a qualified project 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 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 20th anniversary of the date the qualified hotel opened for initial occupancy and ending on the 40th 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) or (b-1)(1), as applicable, exceeds the amount determined under Subsection (b)(2) or (b-1)(2), as applicable, the comptroller shall promptly provide written notice to the municipality stating that

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

16 SECTION 14. Section [352.002](#), Tax Code, is amended by  
17 amending Subsection (a) and adding Subsections (gg), (hh), (jj),  
18 and (kk) to read as follows:

19 (a) The commissioners courts of the following counties by  
20 the adoption of an order or resolution may impose a tax on a person  
21 who, under a lease, concession, permit, right of access, license,  
22 contract, or agreement, pays for the use or possession or for the  
23 right to the use or possession of a room that is in a hotel, costs \$2  
24 or more each day, and is ordinarily used for sleeping:

25 (1) a county that has a population of more than 3.3  
26 million;

27 (2) a county that has a population of 90,000 or more,

1 borders the United Mexican States, does not border the Gulf of  
2 Mexico, and does not have four or more cities that each have a  
3 population of more than 25,000;

4 (3) a county in which there is no municipality;

5 (4) a county in which there is located an Indian  
6 reservation under the jurisdiction of the United States government;

7 (5) a county that has a population of 30,000 or less,  
8 that has no more than one municipality with a population of less  
9 than 2,500, and that borders two counties located wholly in the  
10 Edwards Aquifer Authority established by Chapter 626, Acts of the  
11 73rd Legislature, Regular Session, 1993;

12 (6) a county that borders the Gulf of Mexico, other  
13 than a county authorized to impose the tax under Subdivision (30);

14 (7) a county that has a population of less than 5,000,  
15 that borders the United Mexican States, and in which there is  
16 located a major observatory;

17 (8) a county that has a population of 12,000 or less  
18 and borders the Toledo Bend Reservoir;

19 (9) a county that has a population of less than 12,500  
20 and an area of less than 275 square miles and does not border a  
21 county that borders Arkansas and Louisiana;

22 (10) a county that has a population of 30,000 or less  
23 and borders Possum Kingdom Lake;

24 (11) a county that borders a county with a population  
25 of more than 300,000 and the United Mexican States and has a  
26 population of more than 300,000 and less than 900,000;

27 (12) a county that has a population of 35,000 or more

1 and borders or contains a portion of Lake Fork Reservoir;

2 (13) a county that borders the United Mexican States  
3 and in which there is located a national recreation area;

4 (14) a county that borders the United Mexican States  
5 and in which there is located a national park of more than 400,000  
6 acres;

7 (15) a county that has a population of 28,000 or less,  
8 that has no more than four municipalities, and that is located  
9 wholly in the Edwards Aquifer Authority established by Chapter 626,  
10 Acts of the 73rd Legislature, Regular Session, 1993;

11 (16) a county that has a population of 25,000 or less,  
12 whose territory is less than 750 square miles, and that has two  
13 incorporated municipalities, each with a population of 800 or less,  
14 at least one of which is located on the Frio River;

15 (17) a county that has a population of 34,000 or more  
16 and borders Lake Buchanan;

17 (18) a county that has a population of more than 45,000  
18 and less than 75,000, that borders the United Mexican States, and  
19 that borders or contains a portion of Falcon Lake;

20 (19) a county with a population of 22,000 or less that  
21 borders the Neches River and in which there is located a national  
22 preserve;

23 (20) a county that has a population of 28,000 or less  
24 and that borders or contains a portion of Lake Livingston;

25 (21) a county through which the Pedernales River flows  
26 and in which the birthplace or the childhood home of a president of  
27 the United States is located;

(22) a county that has a population of 35,000 or less and borders Lake Buchanan;

(23) a county with a population of less than 11,000 that is bordered by the Sulphur River;

(24) a county that has a population of 16,000 or more and borders the entire north shore of Lake Somerville;

(25) a county that has a population of 20,000 or less and that is bordered by the Brazos and Navasota Rivers;

(26) a county that has a population of more than 15,000 and less than 25,000 and is located on the Trinity and Navasota Rivers;

(27) a county that has a population of less than 15,000 and that is bordered by the Trinity and Navasota Rivers;

(28) a county that borders or contains a portion of the Neches River, the Sabine River, and Sabine Lake; ~~and~~

(29) a county that borders Whitney Lake; and

(30) a county that has a population of more than 90,000, is located adjacent to a bay connected to the Gulf of Mexico, and contains a portion of the Guadalupe River.

(gg) The commissioners court of a county in which the headwaters of the Guadalupe River are located may impose a tax as provided by Subsection (a). A tax imposed under this subsection does not apply to a hotel located in a municipality that imposes a tax under Chapter 351 applicable to the hotel.

(hh) The commissioners court of a county in which the confluence of the Llano River and the James River is located may impose a tax as provided by Subsection (a). A tax imposed under



this subsection does not apply to a hotel located in a municipality that imposes a tax under Chapter 351 applicable to the hotel.

(jj) The commissioners court of a county that has a population of more than 125,000, borders the Red River, and has a county seat with a population of more than 100,000 may impose a tax as provided by Subsection (a). This subsection expires September 1, 2030.

(kk) The commissioners court of a county with a population of less than 100,000 that borders the Navasota River and in which an annual renaissance festival is held may impose a tax as provided by Subsection (a).

SECTION 15. Section 352.003, Tax Code, is amended by adding Subsections (ff), (gg), and (hh) to read as follows:

(ff) The tax rate in a county authorized to impose the tax under Section 352.002(jj) may not exceed two percent of the price paid for a room in a hotel. This subsection expires September 1, 2030.

(gg) The tax rate in a county authorized to impose the tax under Section 352.002(kk) may not exceed seven percent of the price paid for a room in a hotel, except that the tax rate may not exceed two percent of the price paid for a room in a hotel if the hotel is located in:

(1) a municipality that imposes a tax under Chapter 351 applicable to the hotel; or

(2) the extraterritorial jurisdiction of a municipality that imposes a tax under Section 351.0025 applicable to the hotel.

1        (hh) The tax rate in a county authorized to impose the tax  
2 under Section 352.002(a)(30) may not exceed seven percent of the  
3 price paid for a room in a hotel, except that the tax rate may not  
4 exceed two percent of the price paid for a room in a hotel if the  
5 hotel is located in:

6            (1) a municipality that imposes a tax under Chapter  
7 351 applicable to the hotel; or

8            (2) the extraterritorial jurisdiction of a  
9 municipality that imposes a tax under Section 351.0025 applicable  
10 to the hotel.

11        SECTION 16. Subchapter B, Chapter 352, Tax Code, is amended  
12 by adding Sections 352.119 and 352.120 to read as follows:

13        Sec. 352.119. USE OF REVENUE: CERTAIN COUNTIES BORDERING  
14 THE NAVASOTA RIVER. In addition to the purposes authorized by this  
15 chapter, the revenue from a tax imposed under this chapter by a  
16 county authorized to impose the tax under Section 352.002(kk) may  
17 be used for:

18            (1) the construction, enlarging, equipping,  
19 improvement, maintenance, repairing, and operation of a civic  
20 center with an arena used for rodeos, livestock shows, or  
21 agricultural expositions to enhance hotel activity and encourage  
22 tourism;

23            (2) advertising and conducting solicitations and  
24 promotional programs to attract tourists or convention delegates to  
25 the county, any of which may be conducted by the county or through a  
26 contract with a person or organization selected by the county; and

27            (3) encouraging, promoting, and improving historical

1 preservation and restoration efforts.

2       Sec. 352.120. USE OF REVENUE: CERTAIN COUNTIES THROUGH  
3 WHICH GUADALUPE RIVER FLOWS. (a) In addition to the purposes  
4 authorized by this chapter, the revenue from a tax imposed under  
5 this chapter by a county authorized to impose the tax under Section  
6 352.002(a)(30) may be used to make repairs and improvements to the  
7 county airport or to provide reimbursement for repairs and  
8 improvements to the airport.

9       (b) A county to which this section applies may not use  
10 revenue from a tax imposed under this chapter for a purpose  
11 described by Subsection (a) in a total amount that would exceed the  
12 amount of hotel revenue in the county that is likely to be  
13 reasonably attributed to guests traveling through the airport  
14 during the 20-year period beginning on the date the county first  
15 uses the tax revenue for that purpose.

16       (c) A county to which this section applies may not use  
17 revenue from a tax imposed under this chapter for a purpose  
18 described by Subsection (a) after the 20th anniversary of the date  
19 the county first uses the revenue for that purpose.

20       SECTION 17. (a) Section 351.1035, Tax Code, is repealed.

21       (b) The change in law made by this section applies only to  
22 revenue collected on or after the effective date of this Act.  
23 Revenue collected before the effective date of this Act is governed  
24 by the law in effect when the revenue was collected, and the former  
25 law is continued in effect for that purpose.

26       SECTION 18. It is the intent of the 89th Legislature,  
27 Regular Session, 2025, that the amendments made by this Act be

1 harmonized with another Act of the 89th Legislature, Regular  
2 Session, 2025, relating to nonsubstantive additions to and  
3 corrections in enacted codes.

4       SECTION 19. 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, 2025.