

By: Tepper

H.B. No. 3259

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the ability of certain municipalities and counties to
3 elect not to participate in certain event reimbursement programs
4 and to the allocation of a portion of the state hotel occupancy tax
5 revenue collected in those municipalities and counties.

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

7 SECTION 1. Chapter 475, Government Code, is amended by
8 adding Subchapter F to read as follows:

9 SUBCHAPTER F. OPTION FOR CERTAIN MUNICIPALITIES AND COUNTIES TO
10 ELECT NOT TO PARTICIPATE IN CERTAIN EVENT REIMBURSEMENT PROGRAMS

11 Sec. 475.0251. OPTION FOR CERTAIN MUNICIPALITIES AND
12 COUNTIES TO ELECT NOT TO PARTICIPATE IN CERTAIN EVENT REIMBURSEMENT
13 PROGRAMS. (a) A municipality or county with a population of
14 400,000 or less may elect not to participate in the major events
15 reimbursement program under Chapter 478 and the events trust fund
16 under Chapter 480.

17 (b) A municipality or county that makes the election
18 authorized under this section is eligible to receive an allocation
19 of state hotel occupancy tax revenue collected in the municipality
20 or county as provided by Section 156.2514, Tax Code.

21 (c) For a period of four state fiscal years beginning
22 September 1, 2027, and for each period of four state fiscal years
23 that occurs after that period ends, a municipality or county may
24 make the election authorized under this section by providing

1 written notice of the election to the office of the governor.

2 (d) A municipality or county that makes the election
3 authorized under this section may not participate as an endorsing
4 municipality or endorsing county under Chapter 478, and is
5 ineligible for receipt of a disbursement from a fund established
6 under Chapter 480, during the four-year period for which the
7 municipality or county submits the notice required by Subsection
8 (c).

9 (e) A municipality or county that made the election
10 authorized under this section and that wishes to resume
11 participation in the major events reimbursement program and the
12 events trust fund after the expiration of the most recent four-year
13 period for which the municipality or county submitted the notice
14 required by Subsection (c) may revoke the election by providing
15 notice of the revocation to the office of the governor before the
16 earlier of:

17 (1) September 1 of the first year of the four-year
18 period beginning after the end of the most recent four-year period
19 for which the municipality or county submitted the notice required
20 by Subsection (c); or

21 (2) the date that is four months before the date an
22 eligible event under Section 478.0051 or Section 480.0051 will be
23 held in the municipality or county.

24 (f) A municipality or county that revokes an election
25 authorized under this section in the manner required by Subsection
26 (e) is eligible to resume participation in the major events
27 reimbursement program and the events trust fund on September 1 of

1 the first year beginning after the end of the most recent four-year
2 period for which the municipality or county submitted the notice
3 required by Subsection (c).

4 SECTION 2. Section 478.0051, Government Code, is amended by
5 adding Subsection (d) to read as follows:

6 (d) Notwithstanding Subsection (b), an event listed in
7 Section 478.0001(3) may not receive funding through the program if
8 the event is held at a site in:

9 (1) a municipality that makes the election authorized
10 under Section 475.0251; or

11 (2) a county that makes the election authorized under
12 Section 475.0251, unless the event is held in a municipality that
13 does not make the election authorized under that section.

14 SECTION 3. Section 480.0051, Government Code, is amended to
15 read as follows:

16 Sec. 480.0051. EVENTS ELIGIBLE FOR FUNDING. (a) An event
17 is eligible for funding under this chapter only if:

18 (1) a site selection organization, after considering
19 through a highly competitive selection process one or more sites
20 not in this state, selects a site in this state for the event to be
21 held:

22 (A) one time; or

23 (B) if the event is scheduled under an event
24 contract or event support contract to be held each year for a period
25 of years, one time in each year;

26 (2) a site selection organization selects a site in
27 this state as:

- 1 (A) the sole site for the event; or
2 (B) the sole site for the event in a region
3 composed of this state and one or more adjoining states; and
4 (3) the event is held not more than one time in any
5 year in this state or an adjoining state.

6 (b) Notwithstanding Subsection (a), an event is ineligible
7 for funding under this chapter if the event is held at a site in:

8 (1) a municipality that makes the election authorized
9 under Section 475.0251; or

10 (2) a county that makes the election authorized under
11 Section 475.0251, unless the event is held in a municipality that
12 does not make the election authorized under that section.

13 SECTION 4. Section 480.00515, Government Code, is amended
14 to read as follows:

15 Sec. 480.00515. SINGLE YEAR CLASSIFICATION FOR ELIGIBILITY
16 PURPOSES FOR CERTAIN SPORTING EVENTS. For purposes of Sections
17 480.0051(a)(1) [~~480.0051(1)~~] and (3), a sporting event is
18 considered to be held one time in each year if the event is held only
19 one time in any annual season for that sport.

20 SECTION 5. Subchapter F, Chapter 156, Tax Code, is amended
21 by adding Section 156.2514 to read as follows:

22 Sec. 156.2514. ALLOCATION OF REVENUE TO CERTAIN
23 MUNICIPALITIES AND COUNTIES. (a) In this section:

24 (1) "Eligible county" means a county that makes the
25 election described by Section 475.0251, Government Code.

26 (2) "Eligible municipality" means a municipality that
27 makes the election described by Section 475.0251, Government Code.

1 (b) For the public purpose of economic development in rural
2 areas of this state, not later than the last day of the month
3 following a calendar quarter during which a municipality or county
4 is an eligible municipality or county, the municipality or county
5 is entitled to receive an allocation of a portion of the revenue
6 derived from the tax imposed under this chapter and collected from
7 hotels in the municipality or county, as applicable, in the manner
8 provided by this section.

9 (c) This subsection applies to an eligible municipality
10 located in a county that is not an eligible county. The amount of
11 the allocation an eligible municipality to which this subsection
12 applies is entitled to receive is equal to the amount of revenue
13 derived from the collection of the tax imposed under this chapter at
14 a rate of four percent and received from hotels located in the
15 eligible municipality.

16 (d) This subsection applies to an eligible municipality
17 located in a county that is an eligible county. The amount of the
18 allocation an eligible municipality to which this subsection
19 applies is entitled to receive is equal to 50 percent of the amount
20 of revenue derived from the collection of the tax imposed under this
21 chapter at a rate of four percent and received from hotels located
22 in the eligible municipality.

23 (e) This subsection applies to an eligible county in which
24 only municipalities that are not eligible municipalities are
25 located. The amount of the allocation an eligible county to which
26 this subsection applies is entitled to receive is equal to the
27 amount of revenue derived from the collection of the tax imposed

1 under this chapter at a rate of four percent and received from all
2 hotels located in the eligible county that are not located in a
3 municipality.

4 (f) This subsection applies to an eligible county in which
5 only municipalities that are eligible municipalities are located.
6 An eligible county to which this subsection applies is entitled to
7 receive an allocation equal to the sum of:

8 (1) 50 percent of the amount of revenue derived from
9 the collection of the tax imposed under this chapter at a rate of
10 four percent and received from hotels located in each eligible
11 municipality located in the eligible county; and

12 (2) the amount of revenue derived from the collection
13 of the tax imposed under this chapter at a rate of four percent and
14 received from hotels located in the eligible county that are not
15 located in an eligible municipality.

16 (g) This subsection applies to an eligible county in which
17 both eligible municipalities and municipalities that are not
18 eligible municipalities are located. An eligible county to which
19 this subsection applies is entitled to receive an allocation equal
20 to the sum of:

21 (1) 50 percent of the amount of revenue derived from
22 the collection of the tax imposed under this chapter at a rate of
23 four percent and received from hotels located in each eligible
24 municipality located in the eligible county; and

25 (2) the amount of revenue derived from the collection
26 of the tax imposed under this chapter at a rate of four percent and
27 received from hotels located in the eligible county that are not

1 located in a municipality.

2 (h) As soon as practicable after determining the amount to
3 which an eligible municipality or eligible county is entitled under
4 this section, the comptroller shall issue to the municipality or
5 county a warrant drawn on the general revenue fund for that amount.

6 (i) Money received under this section may be used:

7 (1) by an eligible municipality only in the manner
8 prescribed by Subchapter B, Chapter 351; and

9 (2) by an eligible county only in the manner
10 prescribed by Subchapter B, Chapter 352.

11 SECTION 6. This Act takes effect September 1, 2025.