

**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION	SENATE VERSION (IE)	CONFERENCE
<p>SECTION 1. Section 334.0082, Local Government Code, is amended by adding Subsections (d), (e), (f), and (g) to read as follows:</p> <p><u>(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:</u></p> <p><u>(1) the date the debt issued for the convention center described by this subsection is repaid; or</u></p> <p><u>(2) January 1, 2054.</u></p> <p><u>(e) Subsection (d) and this subsection expire January 1, 2054.</u></p> <p><u>(f) Notwithstanding Subsection (a) and subject to this subsection, this section also applies to a municipality that has a population of not more than 25,000, that contains a cultural heritage museum, 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, 2025. The authority of the municipality to impose the tax as authorized under Subsection (b)(2) expires on the earlier of:</u></p> <p><u>(1) the date the debt issued for the convention center described by this subsection is repaid; or</u></p> <p><u>(2) January 1, 2056.</u></p> <p><u>(g) Subsection (f) and this subsection expire January 1, 2056.</u></p>	<p>SECTION 1. Same as House version.</p>	

**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

No equivalent provision.

SECTION \_\_. Section 151.429(h), Tax Code, is amended to read as follows:  
(h) This subsection does not apply to a qualified hotel project that is commenced after December 1, 2016. Notwithstanding the other provisions of this section, the owner of a qualified hotel project shall receive a rebate, refund, or payment of 100 percent of the sales and use taxes paid or collected by the qualified hotel project or businesses located in the qualified hotel project pursuant to this chapter and 100 percent of the hotel occupancy taxes paid by persons for the use or possession of or for the right to the use or possession of a room or space at the qualified hotel project pursuant to the provisions of Chapter 156 during the first 10 years after such qualified hotel project is open for initial occupancy. The comptroller shall deposit the taxes in trust in a separate suspense account of the qualified hotel project. A suspense account is outside the state treasury, and the comptroller may make a rebate, refund, or payment authorized by this section without the necessity of an appropriation. The comptroller shall rebate, refund, or pay to each qualified hotel project eligible taxable proceeds to which the project is entitled under this section at least monthly. [FA1(4)]

No equivalent provision.

SECTION 2. Section 156.2511, Tax Code, is amended by adding Subsections (a-1) and (b-1) and amending Subsection (b) to read as follows:  
(a-1) An eligible coastal municipality that receives a warrant issued under Subsection (a) shall transfer the full amount of the warrant to the park board of trustees created by the municipality not later than the last day of the calendar month immediately following the date the municipality received the

**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

warrant.  
(b) Money ~~[An eligible coastal municipality may use money]~~  
received under this section may be used only to clean and  
maintain public beaches in the eligible coastal ~~[that]~~  
municipality.  
(b-1) The comptroller may issue a warrant under this section  
only if the eligible coastal municipality has:  
(1) allocated at least one percent of the tax imposed by the  
municipality under Chapter 351 to clean and maintain public  
beaches in the municipality;  
(2) either:  
(A) applied for state funds under Subchapter C, Chapter 61,  
Natural Resources Code; or  
(B) made available to the comptroller the same information  
required to be contained in an application under Section  
61.069, Natural Resources Code; and  
(3) on the request of the comptroller, submitted to the  
comptroller:  
(A) financial data necessary to demonstrate that the  
municipality has satisfied the requirements of Subdivision (1);  
and  
(B) a signed attestation stating that the municipality has  
satisfied the requirements of this subsection.

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

- (a) Revenue from the municipal hotel occupancy tax may be used only to promote tourism and the convention and hotel industry, and that use is limited to the following:
- (1) the acquisition of sites for and the construction,

SECTION 3. Section 351.101, Tax Code, is amended by amending Subsections (a) and (q) and adding Subsection (b-1) to read as follows:

- (a) Revenue from the municipal hotel occupancy tax may be used only to promote tourism and the convention and hotel industry, and that use is limited to the following:
- (1) the acquisition of sites for and the construction,

**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION	SENATE VERSION (IE)	CONFERENCE
<p>improvement, enlarging, equipping, repairing, operation, and maintenance of convention center facilities or visitor information centers, or both;</p> <p>(2) the furnishing of facilities, personnel, and materials for the registration of convention delegates or registrants;</p> <p>(3) advertising and conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity;</p> <p>(4) the encouragement, promotion, improvement, and application of the arts, including instrumental and vocal music, dance, drama, folk art, creative writing, architecture, design and allied fields, painting, sculpture, photography, graphic and craft arts, motion pictures, radio, television, tape and sound recording, and other arts related to the presentation, performance, execution, and exhibition of these major art forms;</p> <p>(5) historical restoration and preservation projects or activities or advertising and conducting solicitations and promotional programs to encourage tourists and convention delegates to visit preserved historic sites or museums:</p> <p>(A) at or in the immediate vicinity of convention center facilities or visitor information centers; or</p> <p>(B) located elsewhere in the municipality or its vicinity that would be frequented by tourists and convention delegates;</p> <p>(6) expenses, including promotion expenses, directly related to a sporting event in which the majority of participants are tourists who substantially increase economic activity at hotels and motels within the municipality or its vicinity if:</p> <p>(A) the municipality is located in a county with a population of one million or less;</p> <p>(B) the municipality has a population of more than 67,000 and is located in two counties with 90 percent of the</p>	<p>improvement, enlarging, equipping, repairing, operation, and maintenance of convention center facilities or visitor information centers, or both;</p> <p>(2) the furnishing of facilities, personnel, and materials for the registration of convention delegates or registrants;</p> <p>(3) advertising and conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity;</p> <p>(4) the encouragement, promotion, improvement, and application of the arts, including instrumental and vocal music, dance, drama, folk art, creative writing, architecture, design and allied fields, painting, sculpture, photography, graphic and craft arts, motion pictures, radio, television, tape and sound recording, and other arts related to the presentation, performance, execution, and exhibition of these major art forms;</p> <p>(5) historical restoration and preservation projects or activities or advertising and conducting solicitations and promotional programs to encourage tourists and convention delegates to visit preserved historic sites or museums:</p> <p>(A) at or in the immediate vicinity of convention center facilities or visitor information centers; or</p> <p>(B) located elsewhere in the municipality or its vicinity that would be frequented by tourists and convention delegates;</p> <p>(6) expenses, including promotion expenses, directly related to a sporting event in which the majority of participants are tourists who substantially increase economic activity at hotels and motels within the municipality or its vicinity if:</p> <p>(A) the municipality is located in a county with a population of one million or less;</p> <p>(B) the municipality has a population of more than 67,000 and is located in two counties with 90 percent of the</p>	

**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

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; [øf]  
(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

SENATE VERSION (IE)

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; [øf]  
(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;  
(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; or  
(E) the sporting event is conducted at a facility located in and owned by a municipality:  
(i) located in a county with a population of 2.2 million or more and that is adjacent to a county with a population of more than 850,000; and  
(ii) with a population of:  
(a) more than 51,000 but less than 57,000; or  
(b) less than 1.3 million and that is bisected by Interstate Highway 20 and U.S. Highway 67;  
(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

CONFERENCE

**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION	SENATE VERSION (IE)	CONFERENCE
<p>125,000 and is located in a county that has a population of less than 240,000 but more than 233,500;</p> <p>(iii) has:</p> <p>(a) a population of at least 10,000 and is located in a county that has a population of more than 70,000 and borders Lake Livingston; or</p> <p>(b) a population of 36,000 or more and is located in a county with a population of less than 95,000 that borders Oklahoma;</p> <p>(iv) has a population of at least 13,000 but less than 48,000 and is located in a county that has a population of at least 200,000;</p> <p>(v) has a population of at least 70,000 but less than 90,000 and no part of which is located in a county with a population greater than 150,000;</p> <p>(vi) is located in a county that:</p> <p>(a) is adjacent to the Texas-Mexico border;</p> <p>(b) has a population of at least 500,000; and</p> <p>(c) does not have a municipality with a population greater than 500,000;</p> <p>(vii) is located in a county that has a population of 100,000 or less and the municipality has a population of:</p> <p>(a) more than 24,400 and less than 25,000; or</p> <p>(b) more than 28,150 and less than 31,000;</p> <p>(viii) is located in a county that has a population of <del>[not]</del> more than 90,000, is adjacent to a bay connected to the Gulf of Mexico, and contains a portion of the Guadalupe River <del>[300,000 and in which a component university of the University of Houston System is located]</del>;</p> <p>(ix) has a population of at least 40,000 and the San Marcos River flows through the municipality;</p> <p>(x) has a population of more than 67,000 and is located in two counties with 90 percent of the municipality's territory located</p>	<p>125,000 and is located in a county that has a population of less than 240,000 but more than 233,500;</p> <p>(iii) has:</p> <p>(a) a population of at least 10,000 and is located in a county that has a population of more than 70,000 and borders Lake Livingston; or</p> <p>(b) a population of 36,000 or more and is located in a county with a population of less than 95,000 that borders Oklahoma;</p> <p>(iv) has a population of at least 13,000 but less than 48,000 and is located in a county that has a population of at least 200,000;</p> <p>(v) has a population of at least 70,000 but less than 90,000 and no part of which is located in a county with a population greater than 150,000;</p> <p>(vi) is located in a county that:</p> <p>(a) is adjacent to the Texas-Mexico border;</p> <p>(b) has a population of at least 500,000; and</p> <p>(c) does not have a municipality with a population greater than 500,000;</p> <p>(vii) is located in a county that has a population of 100,000 or less and the municipality has a population of:</p> <p>(a) more than 24,400 and less than 25,000; or</p> <p>(b) more than 28,150 and less than 31,000;</p> <p>(viii) is located in a county that has a population of <del>[not]</del> more than 90,000, is adjacent to a bay connected to the Gulf of Mexico, and contains a portion of the Guadalupe River <del>[300,000 and in which a component university of the University of Houston System is located]</del>;</p> <p>(ix) has a population of at least 40,000 and the San Marcos River flows through the municipality;</p> <p>(x) has a population of more than 67,000 and is located in two counties with 90 percent of the municipality's territory located</p>	

**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

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;

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

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

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

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

(9) signage directing the public to sights and attractions that are visited frequently by hotel guests in the municipality;

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

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

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

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

SENATE VERSION (IE)

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;

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

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

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

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

(9) signage directing the public to sights and attractions that are visited frequently by hotel guests in the municipality;

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

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

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

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

CONFERENCE

**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

(q) In addition to the purposes provided by Subsections (a) and (e), a municipality described by Section 351.152(75) or a municipality with a population of more than 10,000 that has a city hall located less than three miles from a space center operated by an agency of the federal government and that is wholly located in a county with a population of four million or more may use revenue from the hotel occupancy tax for the construction, improvement, enlarging, equipping, renovating, repairing, operation, and maintenance of a coliseum or multiuse facility and related infrastructure or a venue, as defined by Section 334.001(4), Local Government Code, that is related to the promotion of tourism, including a hotel, resort, or convention center facility located on land owned by the municipality or a nonprofit corporation acting on behalf of the municipality. This subsection does not authorize a municipality described by Section 351.152(75) to use revenue from the hotel occupancy tax for the construction, improvement, enlarging, equipping, renovating, repairing, operation, or maintenance of a road, street, or water or sewer facility.

No equivalent provision.

SENATE VERSION (IE)

(b-1) Notwithstanding Subsection (a), revenue derived from the tax authorized by this chapter may not be expended in a manner or by a program or activity that discriminates or prioritizes on the basis of race, color, disability, sex, religion, age, or national origin.

(q) In addition to the purposes provided by Subsections (a) and (e), a municipality described by Section 351.152(75) or a municipality with a population of more than 10,000 that has a city hall located less than three miles from a space center operated by an agency of the federal government and that is wholly located in a county with a population of four million or more may use revenue from the hotel occupancy tax for the construction, improvement, enlarging, equipping, renovating, repairing, operation, and maintenance of a coliseum or multiuse facility and related infrastructure or a venue, as defined by Section 334.001(4), Local Government Code, that is related to the promotion of tourism, including a hotel, resort, or convention center facility located on land owned by the municipality or a nonprofit corporation acting on behalf of the municipality. This subsection does not authorize a municipality described by Section 351.152(75) to use revenue from the hotel occupancy tax for the construction, improvement, enlarging, equipping, renovating, repairing, operation, or maintenance of a road, street, or water or sewer facility.

SECTION 4. Section 351.1015, Tax Code, is amended by adding Subsection (m) to read as follows:

(m) Notwithstanding any other provision of this section, a municipality may pledge or commit revenue under this section for only one qualified project. After a municipality pledges or

CONFERENCE



**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

commits revenue under this section for a qualified project, the municipality may not ever again pledge or commit revenue for a subsequent qualified project under this section. For purposes of this subsection, the term "municipality" includes a local government corporation created to aid and act on behalf of the municipality. This subsection may not be construed to prohibit a municipality from pledging or committing revenue under this section for a subsequent qualified project that is authorized by an act of the legislature that becomes law on or after January 1, 2026.

SECTION 5. Section 351.102, Tax Code, is amended by adding Subsections (a-1), (b-1), and (b-2) to read as follows:  
(a-1) Notwithstanding Subsection (a), a municipality with a population of more than 1.5 million may not pledge or commit revenue under that subsection for the payment of principal of or interest on bonds or other obligations issued to pay the cost of the acquisition and construction of a convention center hotel or the cost of acquisition, remodeling, or rehabilitation of a historic hotel structure if the acquisition, construction, remodeling, or rehabilitation is commenced after December 1, 2016. This subsection may not be construed to prohibit a municipality with a population of more than 1.5 million from pledging or committing revenue under Subsection (a) for the payment of principal of or interest on bonds or other obligations for the acquisition, construction, remodeling, or rehabilitation of a historic hotel structure if the pledge or commitment of revenue for that purpose is authorized by an act of the legislature that becomes law on or after January 1, 2026.  
(b-1) Notwithstanding Subsection (b) or (c) and except as

No equivalent provision.

**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

provided by Subsection (b-2), a municipality may pledge or commit revenue under Subsection (b) for only one hotel project. After a municipality pledges or commits revenue under Subsection (b) for a hotel project, the municipality may not ever again pledge or commit revenue for a subsequent hotel project under that subsection. This subsection may not be construed to prohibit a municipality from pledging or committing revenue under Subsection (b) for a subsequent hotel project that is authorized by an act of the legislature that becomes law on or after January 1, 2026.

(b-2) A municipality that before January 1, 2025, pledged or committed revenue under this section for more than one hotel project:

(1) is not subject to Subsection (b-1); and

(2) may not on or after January 1, 2025, pledge or commit revenue under Subsection (b) for another hotel project unless that hotel project is authorized by an act of the legislature that becomes law on or after January 1, 2026.

SECTION 6. Section 351.1021, Tax Code, is amended by adding Subsection (f) to read as follows:

(f) An eligible municipality may pledge or commit revenue under this section for only one multipurpose convention center facility project. After an eligible municipality pledges or commits revenue under this section for a multipurpose convention center facility project, the municipality may never again pledge or commit revenue under this section for a subsequent multipurpose convention center facility project. For purposes of this subsection, the term "eligible municipality" includes a local government corporation created to aid and act on behalf of the municipality. This subsection

No equivalent provision.

**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

may not be construed to prohibit a municipality from pledging or committing revenue under this section for a subsequent multipurpose convention center facility project that is authorized by an act of the legislature that becomes law on or after January 1, 2026.

SECTION 7. Section 351.1022, Tax Code, is amended by adding Subsection (f) to read as follows:  
(f) A municipality may pledge or commit revenue under this section for only one hotel project. After a municipality pledges or commits revenue under this section for a hotel project, the municipality may never again pledge or commit revenue under this section for a subsequent hotel project. This subsection may not be construed to prohibit a municipality from pledging or committing revenue under this section for a subsequent hotel project that is authorized by an act of the legislature that becomes law on or after January 1, 2026.

SECTION 8. Section 351.106, Tax Code, is amended by adding Subsection (d) to read as follows:  
(d) In this subsection, "qualified project" has the meaning assigned by Section 351.1015. Notwithstanding any other provision of this section, a municipality may pledge or commit revenue under this section for only one qualified project. After a municipality pledges or commits revenue under this section for a qualified project, the municipality may not ever again pledge or commit revenue for a qualified project. This subsection may not be construed to prohibit a municipality from pledging or committing revenue under this section for a qualified project that is authorized by an act of

No equivalent provision.

No equivalent provision.

**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

the legislature that becomes law on or after January 1, 2026.

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

- (a) This section applies only to:
  - (1) a municipality with a population of at least 3,500 but less than 5,500 that is the county seat of a county with a population of less than 50,000 that borders a county with a population of more than 1.6 million;
  - (2) a municipality with a population of at least 2,800 but less than 3,500 that is the county seat of a county with a population of less than 22,000 that is bordered by the Trinity River and includes a state park and a portion of a wildlife management area;
  - (3) a municipality with a population of at least 8,000 that is located in a county that borders the Pecos River and that has a population of not more than 15,000;
  - (4) a municipality with a population of not more than 15,000 that is located in a county through which the Frio River flows and an interstate highway crosses, and that has a population of at least 15,000;
  - (5) a municipality with a population of not less than 7,500 that is located in a county with a population of not less than 40,000 but less than 250,000 that is adjacent to a county with a population of less than 750;
  - (6) a municipality that is the county seat of a county with a population of at least 8,500 and that county contains part of the Chaparral Wildlife Management Area; ~~and~~
  - (7) a municipality that has a population of not more than 25,000, that contains a cultural heritage museum, and that is located in a county that borders the United Mexican States and

SECTION 9. Same as House version.

**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION	SENATE VERSION (IE)	CONFERENCE
<p>the Gulf of Mexico; <u>(8) a municipality that:</u> <u>(A) has a population of at least 9,000;</u> <u>(B) is wholly located in a county in which the State Capitol is located; and</u> <u>(C) is adjacent to or bisected by State Highway 71; and</u> <u>(9) a municipality that is the county seat of a county with a population of more than 10,000 that contains a state park featuring sandhills.</u></p>		
<p>SECTION 4. Section 351.10712(a), Tax Code, is amended to read as follows: (a) This section applies only to: (1) a municipality with a population of at least 95,000 that is located in a county that is bisected by United States Highway 385 and has a population of not more than 170,000; and (2) a municipality located in a county that has a population of <del>[not]</del> more than 90,000, <u>is adjacent to a bay connected to the Gulf of Mexico, and contains a portion of the Guadalupe River</u> <del>[300,000 and in which a component university of the University of Houston System is located]</del>.</p>	<p>SECTION 10. Same as House version.</p>	
<p>SECTION 5. Subchapter B, Chapter 351, Tax Code, is amended by adding Section 351.111 to read as follows: <u>Sec. 351.111. ALLOCATION OF REVENUE: CERTAIN MUNICIPALITIES.</u> (a) <u>This section applies only to a municipality that is the county seat of a county that borders New Mexico and contains a portion of a state park that is located in two counties.</u> (b) <u>Subject to Subsections (c) and (e), in addition to other</u></p>	<p>No equivalent provision.</p>	

**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

authorized uses, a municipality to which this section applies may use revenue from the municipal hotel occupancy tax for the promotion of tourism by funding public improvement projects that directly benefit the hotel and tourism industry.

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

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

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

(d) Notwithstanding any other law, on or after the eighth 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);

SECTION 11. 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);

**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

- (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;
- (7) a municipality with a population of 250,000 or more but less than one million that is located in one county with a population of 2.5 million or more;
- (8) a municipality with a population of 180,000 or more that:
  - (A) is located in two counties, each with a population of 100,000 or more; and
  - (B) contains an American Quarter Horse Hall of Fame and Museum;
- (9) a municipality with a population of 96,000 or more that is located in a county that borders Lake Palestine;
- (10) a municipality with a population of 96,000 or more that is located in a county that contains the headwaters of the San Gabriel River;
- (11) a municipality with a population of at least 95,000 that is located in a county that is bisected by United States Highway 385 and has a population of not more than 170,000;
- (12) a municipality with a population of 110,000 or more but less than 135,000 at least part of which is located in a county with a population of less than 135,000;
- (13) a municipality with a population of 28,000 or more but less than 31,000 that is located in two counties, each of which has a population of 900,000 or more and a southern border

SENATE VERSION (IE)

- (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;
- (7) a municipality with a population of 250,000 or more but less than one million that is located in one county with a population of 2.5 million or more;
- (8) a municipality with a population of 180,000 or more that:
  - (A) is located in two counties, each with a population of 100,000 or more; and
  - (B) contains an American Quarter Horse Hall of Fame and Museum;
- (9) a municipality with a population of 96,000 or more that is located in a county that borders Lake Palestine;
- (10) a municipality with a population of 96,000 or more that is located in a county that contains the headwaters of the San Gabriel River;
- (11) a municipality with a population of at least 95,000 that is located in a county that is bisected by United States Highway 385 and has a population of not more than 170,000;
- (12) a municipality with a population of 110,000 or more but less than 135,000 at least part of which is located in a county with a population of less than 135,000;
- (13) a municipality with a population of 28,000 or more but less than 31,000 that is located in two counties, each of which has a population of 900,000 or more and a southern border

CONFERENCE

**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION	SENATE VERSION (IE)	CONFERENCE
with a county with a population of 2.5 million or more; (14) a municipality with a population of 200,000 or more but less than 300,000 that contains a component institution of 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 population of less than 110,000; (19) a municipality with a population of 110,000 or more that: (A) borders Clear Lake; and (B) is primarily located in a county with a population of less	with a county with a population of 2.5 million or more; (14) a municipality with a population of 200,000 or more but less than 300,000 that contains a component institution of 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 population of less than 110,000; (19) a municipality with a population of 110,000 or more that: (A) borders Clear Lake; and (B) is primarily located in a county with a population of less	



**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION	SENATE VERSION (IE)	CONFERENCE
than 355,000; (20) a municipality with a population of less than 2,000 that: (A) is located adjacent to a bay connected to the Gulf of Mexico; (B) is located in a county with a population of 290,000 or more that is adjacent to a county with a population of four million or more; and (C) has a boardwalk on the bay; (21) a municipality with a population of 75,000 or more that: (A) is located wholly in one county with a population of 800,000 or more that is adjacent to a county with a population of four million or more; and (B) has adopted a capital improvement plan for the construction or expansion of a convention center facility; (22) a municipality with a population of less than 70,000 that is located in three counties, at least one of which has a population of four million or more; (23) an eligible coastal municipality with a population of 2,900 or more but less than 5,000; (24) a municipality with a population of <del>[90,000 or more but]</del> less than 70,000 that is in three counties, at least one of which <u>has a population of at least four million</u> <del>[150,000 that:</del> <del>[(A) is located in three counties; and</del> <del>[(B) contains a branch campus of a component institution of the University of Houston System];</del> (25) a municipality that is: (A) primarily located in a county with a population of four million or more; and (B) connected by a bridge to a municipality described by Subdivision (20); (26) a municipality with a population of 25,000 or more but less than 30,000 that:	than 355,000; (20) a municipality with a population of less than 2,000 that: (A) is located adjacent to a bay connected to the Gulf of Mexico; (B) is located in a county with a population of 290,000 or more that is adjacent to a county with a population of four million or more; and (C) has a boardwalk on the bay; (21) a municipality with a population of 75,000 or more that: (A) is located wholly in one county with a population of 800,000 or more that is adjacent to a county with a population of four million or more; and (B) has adopted a capital improvement plan for the construction or expansion of a convention center facility; (22) a municipality with a population of less than 70,000 that is located in three counties, at least one of which has a population of four million or more; (23) an eligible coastal municipality with a population of 2,900 or more but less than 5,000; (24) a municipality with a population of <u>125,000</u> <del>[90,000]</del> or <del>more but</del> less than <u>132,000</u> <del>[150,000 that:</del> <del>[(A) is located in three counties; and</del> <del>[(B) contains a branch campus of a component institution of the University of Houston System];</del>  (25) a municipality that is: (A) primarily located in a county with a population of four million or more; and (B) connected by a bridge to a municipality described by Subdivision (20); (26) a municipality with a population of 25,000 or more but less than 30,000 that:	

**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION	SENATE VERSION (IE)	CONFERENCE
(A) contains a portion of Mustang Bayou; and (B) is wholly located in a county with a population of less than 500,000; (27) a municipality with a population of 70,000 or more but less than 90,000 that is located in two counties, one of which has a population of four million or more and the other of which has a population of less than 50,000; (28) a municipality with a population of 10,000 or more that: (A) is wholly located in a county with a population of four million or more; and (B) has a city hall located less than three miles from a space center operated by an agency of the federal government; (29) a municipality that is the county seat of a county: (A) through which the Pedernales River flows; and (B) in which the birthplace of a president of the United States is located; (30) a municipality that contains a portion of U.S. Highway 79 and State Highway 130; (31) a municipality with a population of 70,000 or more but less than 115,000 that is located in two counties, one of which has a population of 1.1 million or more but less than 1.9 million; (32) a municipality with a population of less than 25,000 that contains a museum of Western American art; (33) a municipality with a population of 50,000 or more that is the county seat of a county that contains a portion of the Sam Houston National Forest; (34) a municipality with a population of less than 25,000 that: (A) contains a cultural heritage museum; and (B) is located in a county that borders the United Mexican States and the Gulf of Mexico; (35) a municipality that is the county seat of a county that:	(A) contains a portion of Mustang Bayou; and (B) is wholly located in a county with a population of less than 500,000; (27) a municipality with a population of 70,000 or more but less than 90,000 that is located in two counties, one of which has a population of four million or more and the other of which has a population of less than 50,000; (28) a municipality with a population of 10,000 or more that: (A) is wholly located in a county with a population of four million or more; and (B) has a city hall located less than three miles from a space center operated by an agency of the federal government; (29) a municipality that is the county seat of a county: (A) through which the Pedernales River flows; and (B) in which the birthplace of a president of the United States is located; (30) a municipality that contains a portion of U.S. Highway 79 and State Highway 130; (31) a municipality with a population of 70,000 or more but less than 115,000 that is located in two counties, one of which has a population of 1.1 million or more but less than 1.9 million; (32) a municipality with a population of less than 25,000 that contains a museum of Western American art; (33) a municipality with a population of 50,000 or more that is the county seat of a county that contains a portion of the Sam Houston National Forest; (34) a municipality with a population of less than 25,000 that: (A) contains a cultural heritage museum; and (B) is located in a county that borders the United Mexican States and the Gulf of Mexico; (35) a municipality that is the county seat of a county that:	

**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION	SENATE VERSION (IE)	CONFERENCE
(A) has a population of 115,000 or more; (B) is adjacent to a county with a population of 2.1 million or more; and (C) hosts an annual peach festival; (36) a municipality that is the county seat of a county that: (A) has a population of 800,000 or more; and (B) is adjacent to a county with a population of four million or more; (37) a municipality with a population of less than 10,000 that: (A) contains a component university of The Texas A&M University System; and (B) is located in a county adjacent to a county that borders Oklahoma; (38) a municipality with a population of less than 17,000 that: (A) is located in two counties, each of which has a population of 900,000 or more but less than two million; and (B) hosts an annual Cajun Festival; (39) a municipality with a population of 13,000 or more that: (A) is located on an international border; and (B) is located in a county: (i) with a population of less than 400,000; and (ii) in which at least one World Birding Center site is located; (40) a municipality with a population of 3,200 or more that: (A) is located on an international border; and (B) is located not more than five miles from a state historic site that serves as a visitor center for a state park that contains 300,000 or more acres of land; (41) a municipality with a population of 36,000 or more that is adjacent to at least two municipalities described by Subdivision (15); (42) a municipality with a population of 28,000 or more that is located in a county with a population of 240,000 or more	(A) has a population of 115,000 or more; (B) is adjacent to a county with a population of 2.1 million or more; and (C) hosts an annual peach festival; (36) a municipality that is the county seat of a county that: (A) has a population of 800,000 or more; and (B) is adjacent to a county with a population of four million or more; (37) a municipality with a population of less than 10,000 that: (A) contains a component university of The Texas A&M University System; and (B) is located in a county adjacent to a county that borders Oklahoma; (38) a municipality with a population of less than 17,000 that: (A) is located in two counties, each of which has a population of 900,000 or more but less than two million; and (B) hosts an annual Cajun Festival; (39) a municipality with a population of 13,000 or more that: (A) is located on an international border; and (B) is located in a county: (i) with a population of less than 400,000; and (ii) in which at least one World Birding Center site is located; (40) a municipality with a population of 3,200 or more that: (A) is located on an international border; and (B) is located not more than five miles from a state historic site that serves as a visitor center for a state park that contains 300,000 or more acres of land; (41) a municipality with a population of 36,000 or more that is adjacent to at least two municipalities described by Subdivision (15); (42) a municipality with a population of 28,000 or more that is located in a county with a population of 240,000 or more	

**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION	SENATE VERSION (IE)	CONFERENCE
<p>that contains a portion of the Blanco River and in which is located a historic railroad depot and heritage center;</p> <p>(43) a municipality located in a county that has a population of <del>[not]</del> more than 90,000, <u>is adjacent to a bay connected to the Gulf of Mexico, and contains a portion of the Guadalupe River</u> <del>[300,000 and in which a component university of the University of Houston System is located]</del>;</p> <p>(44) a municipality with a population of less than 500,000 that is:</p> <p>(A) located in two counties; and</p> <p>(B) adjacent to a municipality described by Subdivision (31);</p> <p>(45) a municipality that:</p> <p>(A) has a population of more than 67,000; and</p> <p>(B) 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;</p> <p>(46) a municipality that:</p> <p>(A) has a population of 100,000 or more; and</p> <p>(B) is wholly located in, but is not the county seat of, a county with a population of one million or more:</p> <p>(i) in which all or part of a municipality with a population of one million or more is located; and</p> <p>(ii) that is adjacent to a county with a population of 2.5 million or more;</p> <p>(47) a municipality that is the county seat of a county bordering the Gulf of Mexico and the United Mexican States;</p> <p>(48) a municipality that is bisected by the Guadalupe River and is the county seat of a county with a population of 170,000 or more;</p> <p>(49) a municipality with a population of 70,000 or more but less than 150,000 that borders Joe Pool Lake;</p>	<p>that contains a portion of the Blanco River and in which is located a historic railroad depot and heritage center;</p> <p>(43) a municipality located in a county that has a population of <del>[not]</del> more than 90,000, <u>is adjacent to a bay connected to the Gulf of Mexico, and contains a portion of the Guadalupe River</u> <del>[300,000 and in which a component university of the University of Houston System is located]</del>;</p> <p>(44) a municipality with a population of less than 500,000 that is:</p> <p>(A) located in two counties; and</p> <p>(B) adjacent to a municipality described by Subdivision (31);</p> <p>(45) a municipality that:</p> <p>(A) has a population of more than 67,000; and</p> <p>(B) 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;</p> <p>(46) a municipality that:</p> <p>(A) has a population of 100,000 or more; and</p> <p>(B) is wholly located in, but is not the county seat of, a county with a population of one million or more:</p> <p>(i) in which all or part of a municipality with a population of one million or more is located; and</p> <p>(ii) that is adjacent to a county with a population of 2.5 million or more;</p> <p>(47) a municipality that is the county seat of a county bordering the Gulf of Mexico and the United Mexican States;</p> <p>(48) a municipality that is bisected by the Guadalupe River and is the county seat of a county with a population of 170,000 or more;</p> <p>(49) a municipality with a population of 70,000 or more but less than 150,000 that borders Joe Pool Lake;</p>	

**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION	SENATE VERSION (IE)	CONFERENCE
(50) a municipality with a population of 115,000 or more that borders the Neches River;	(50) a municipality with a population of 115,000 or more that borders the Neches River;	
(51) a municipality described by Section 351.101(k);	(51) a municipality described by Section 351.101(k);	
(52) a municipality that is the county seat of a county:	(52) a municipality that is the county seat of a county:	
(A) through which the Brazos River flows; and	(A) through which the Brazos River flows; and	
(B) in which a national monument is located;	(B) in which a national monument is located;	
(53) a municipality with a population of 45,000 or more that:	(53) a municipality with a population of 45,000 or more that:	
(A) is not the county seat of a county;	(A) is not the county seat of a county;	
(B) is located in a single county; and	(B) is located in a single county; and	
(C) contains a portion of Lake Lewisville;	(C) contains a portion of Lake Lewisville;	
(54) a municipality that is the county seat of a county with a population of more than 900,000 that is adjacent to two counties, each of which has a population of more than 1.8 million;	(54) a municipality that is the county seat of a county with a population of more than 900,000 that is adjacent to two counties, each of which has a population of more than 1.8 million;	
(55) a municipality that hosts an annual wine festival and is located in three counties, each of which has a population of more than 900,000;	(55) a municipality that hosts an annual wine festival and is located in three counties, each of which has a population of more than 900,000;	
(56) a municipality that has a population of at least 150,000 but less than 1,300,000 and is partially located in a county that contains a portion of Cedar Creek Reservoir;	(56) a municipality that has a population of at least 150,000 but less than 1,300,000 and is partially located in a county that contains a portion of Cedar Creek Reservoir;	
(57) a municipality that is located in a county that contains a portion of Cedar Creek Reservoir and in which a private college is located;	(57) a municipality that is located in a county that contains a portion of Cedar Creek Reservoir and in which a private college is located;	
(58) a municipality that is the county seat of a county:	(58) a municipality that is the county seat of a county:	
(A) with a population of one million or more;	(A) with a population of one million or more;	
(B) in which all or part of a municipality with a population of one million or more is located; and	(B) in which all or part of a municipality with a population of one million or more is located; and	
(C) that is located adjacent to a county with a population of 2.5 million or more;	(C) that is located adjacent to a county with a population of 2.5 million or more;	
(59) a municipality that is the county seat of a county that contains a portion of Cedar Creek Reservoir and borders a county with a population of more than 240,000;	(59) a municipality that is the county seat of a county that contains a portion of Cedar Creek Reservoir and borders a county with a population of more than 240,000;	

**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

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

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

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

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

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

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

(64) a municipality:

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

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

(ii) that borders the Rio Grande; and

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

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

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

(67) a municipality that:

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

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

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

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

(B) is bisected by State Highway 174;

SENATE VERSION (IE)

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

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

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

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

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

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

(64) a municipality:

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

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

(ii) that borders the Rio Grande; and

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

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

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

(67) a municipality that:

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

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

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

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

(B) is bisected by State Highway 174;

CONFERENCE

**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION	SENATE VERSION (IE)	CONFERENCE
<p><u>(69) a municipality with a population of more than 240,000 but less than 270,000 that borders a man-made lake that has a surface area of more than 20,000 acres;</u></p> <p><u>(70) a municipality that is the county seat of a county that:</u></p> <p><u>(A) has a population of 600,000 or more; and</u></p> <p><u>(B) is adjacent to the county that contains the State Capitol;</u></p> <p><u>(71) a municipality described by Section 334.0082(a)(2), Local Government Code;</u></p> <p><u>(72) a municipality that:</u></p> <p><u>(A) has a population of 10,000 or more but less than 75,000;</u></p> <p><u>(B) is located in two counties, one of which is a county in which the State Capitol is located; and</u></p> <p><u>(C) hosts an annual German festival;</u></p> <p><u>(73) a municipality that:</u></p> <p><u>(A) is located in a county with a population of 600,000 or more that is adjacent to the county that contains the State Capitol; and</u></p> <p><u>(B) has a population of more than 16,000 but less than 27,000;</u></p> <p><u>(74) a municipality with a population of more than 16,000 but less than 18,000 that is located in a county with a population of more than 2.5 million that is adjacent to a county with a population of more than 2.1 million;</u></p> <p><u>(75) a municipality with a population of more than 285,000 that is wholly located in two counties, each with a population of more than 900,000; and</u></p> <p><u>(76) a municipality with a population of 15,000 or more but less than 30,000, that is bisected by United States Highway 75, and that is wholly located in a county:</u></p> <p><u>(A) with a population of 750,000 or more;</u></p> <p><u>(B) in which all or part of a municipality with a population of one million or more is located; and</u></p>	<p><u>(69) a municipality with a population of more than 240,000 but less than 270,000 that borders a man-made lake that has a surface area of more than 20,000 acres;</u></p> <p><u>(70) a municipality that is the county seat of a county that:</u></p> <p><u>(A) has a population of 600,000 or more; and</u></p> <p><u>(B) is adjacent to the county that contains the State Capitol;</u></p> <p><u>(71) a municipality described by Section 334.0082(a)(2), Local Government Code;</u></p> <p><u>(72) a municipality that:</u></p> <p><u>(A) has a population of 10,000 or more but less than 75,000;</u></p> <p><u>(B) is located in two counties, one of which is a county in which the State Capitol is located; and</u></p> <p><u>(C) hosts an annual German festival;</u></p> <p><u>(73) a municipality that:</u></p> <p><u>(A) is located in a county with a population of 600,000 or more that is adjacent to the county that contains the State Capitol; and</u></p> <p><u>(B) has a population of more than 16,000 but less than 27,000;</u></p> <p><u>(74) a municipality with a population of more than 16,000 but less than 18,000 that is located in a county with a population of more than 2.5 million that is adjacent to a county with a population of more than 2.1 million;</u></p> <p><u>(75) a municipality with a population of more than 285,000 that is wholly located in two counties, each with a population of more than 900,000; and</u></p> <p><u>(76) a municipality with a population of 15,000 or more but less than 30,000, that is bisected by United States Highway 75, and that is wholly located in a county:</u></p> <p><u>(A) with a population of 750,000 or more;</u></p> <p><u>(B) in which all or part of a municipality with a population of one million or more is located; and</u></p>	

**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION	SENATE VERSION (IE)	CONFERENCE
<u>(C) that is adjacent to a county with a population of two million or more.</u>	<u>(C) that is adjacent to a county with a population of two million or more.</u>	
SECTION 7. Section 351.153(a), Tax Code, is amended to read as follows: (a) This section applies only to a municipality described by Section 351.152(5), (6), <u>(22)</u> , (29), or (58).	No equivalent provision.	
SECTION 8. Subchapter C, Chapter 351, Tax Code, is amended by adding Section 351.1535 to read as follows: <u>Sec. 351.1535. EXCEPTIONS APPLICABLE TO ELIGIBLE BARRIER ISLAND COASTAL MUNICIPALITY. (a) This section applies only to a municipality described by Section 351.001(11).</u> <u>(b) Sections 351.151(2)(B) and (C) do not apply to a facility:</u> <u>(1) that otherwise meets the requirements of a qualified convention center facility under Section 351.151;</u> <u>(2) that is:</u> <u>(A) wholly owned by a municipality to which this section applies or the county in which a municipality to which this section applies is located; and</u> <u>(B) not owned in undivided interest;</u> <u>(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</u> <u>(4) that has an exterior wall that is located not more than 2,000 feet from the nearest exterior wall of a qualified hotel.</u> <u>(c) Sections 351.151(3)(A) and (B) do not apply to a hotel:</u>	SECTION 12. Subchapter C, Chapter 351, Tax Code, is amended by adding Section 351.1535 to read as follows: <u>Sec. 351.1535. EXCEPTIONS APPLICABLE TO ELIGIBLE BARRIER ISLAND COASTAL MUNICIPALITY. (a) This section applies only to a municipality described by Section 351.001(11).</u> <u>(b) Section 351.151(2)(C) does not apply to a facility:</u> <u>(1) that otherwise meets the requirements of a qualified convention center facility under Section 351.151;</u>  <u>(2) 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</u> <u>(3) that has an exterior wall that is located not more than 2,000 feet from the nearest exterior wall of a qualified hotel.</u> <u>(c) Section 351.151(3)(B) does not apply to a hotel:</u>	



**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

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

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

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

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

SENATE VERSION (IE)

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

(2) 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

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

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

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

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

CONFERENCE

**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION	SENATE VERSION (IE)	CONFERENCE
<u>qualified hotel.</u>	<u>qualified hotel.</u>	
<p>SECTION 9. Section 351.155(d), Tax Code, is amended to read as follows:</p> <p>(d) Subsection (c) does not apply to:</p> <p><u>(1) a municipality with a population of 175,000 or more; or</u></p> <p><u>(2) a municipality described by Section 351.152(12) that has a population of 130,000 or more.</u></p>	<p>No equivalent provision. <i>(But see SECTION 13 below.)</i></p>	
<p>No equivalent provision. <i>(But see SECTION 9 above.)</i></p>	<p>SECTION 13. Section 351.155, Tax Code, is amended by amending Subsection (c) and adding Subsection (c-1) to read as follows:</p> <p>(c) A municipality may pledge or commit revenue under this section for only one qualified project. After a municipality pledges or commits revenue under this section for a qualified project, the municipality may not ever again pledge or commit revenue for a qualified project. <u>This subsection may not be construed to prohibit a municipality from pledging or committing revenue under this section for a qualified project that is authorized by an act of the legislature that becomes law on or after January 1, 2026.</u></p> <p><u>(c-1) This subsection applies only to a municipality described by Section 351.152(12) that has a population of 130,000 or more. Notwithstanding Subsection (c), a municipality to which this subsection applies may pledge or commit revenue under this section for only two qualified projects.</u></p>	
<p>SECTION 10. Section 351.157, Tax Code, is amended by amending Subsection (a) and adding Subsection (b-1) to read</p>	<p>SECTION 14. Section 351.157, Tax Code, is amended by amending Subsection (b) and adding Subsection (b-1) to read</p>	

**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION	SENATE VERSION (IE)	CONFERENCE
<p>as follows:</p> <p>(a) In this section, "qualified establishment" means an establishment:</p> <p>(1) that is located on land:</p> <p>(A) owned by a municipality; or</p> <p>(B) owned by:</p> <p>(i) any person if the establishment is located in a municipality described by Section 351.152(3) or (22);</p> <p>(ii) the federal government if the establishment is located in a municipality described by Section 351.152(6); or</p> <p>(iii) a nonprofit corporation, including a public facility corporation, that is acting as or on behalf of, or that is controlled by, a municipality, if the establishment is located in a municipality described by Section 351.152(5);</p> <p>(2) the nearest exterior wall of which is located not more than 1,000 feet from the nearest exterior wall of a qualified hotel or qualified convention center facility;</p> <p>(3) that is constructed:</p> <p>(A) on or after the date the municipality commences a qualified project under this subchapter; or</p> <p>(B) at any time if the establishment is located in a municipality described by Section 351.152(3);</p> <p>(4) that is not a sports stadium; and</p> <p>(5) that is the type of establishment described by Subsection (c-1) from which the municipality is entitled to receive revenue under Subsection (d).</p>	<p>as follows:</p> <p>(b) This section applies only to:</p> <p>(1) a municipality described by Section 351.152(3);</p> <p>(1-a) a municipality described by Section 351.152(5);</p> <p>(2) a municipality described by Section 351.152(6);</p> <p>(3) a municipality described by Section 351.152(7);</p> <p>(3-a) a municipality described by Section 351.152(9);</p>	

**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION	SENATE VERSION (IE)	CONFERENCE
	(4) a municipality described by Section 351.152(10); (4-a) a municipality described by Section 351.152(14); (5) a municipality described by Section 351.152(16); (6) a municipality described by Section 351.152(22); (7) a municipality described by Section 351.152(25); (8) a municipality described by Section 351.152(34); (9) a municipality described by Section 351.152(35); (10) a municipality described by Section 351.152(36); (11) a municipality described by Section 351.152(38); (11-a) a municipality described by Section 351.152(41); (12) a municipality described by Section 351.152(43); (13) a municipality described by Section 351.152(46); (14) a municipality described by Section 351.152(47); (15) a municipality described by Section 351.152(49); (15-a) a municipality described by Section 351.152(51); (16) a municipality described by Section 351.152(53); (17) a municipality described by Section 351.152(54); (18) a municipality described by Section 351.152(56); and (19) a municipality described by Section 351.152(58).	
<u>(b-1) In addition to the municipalities described by Subsection (b), this section applies to a municipality described by Section 351.155(d)(2).</u>	<u>(b-1) In addition to the municipalities described by Subsection (b), this section applies to a municipality described by Section 351.155(c-1).</u>	
SECTION 11. Section 351.158, Tax Code, is amended to read as follows: Sec. 351.158. PERIOD OF ENTITLEMENT. <u>(a) Except as provided by Subsection (b), a [A] municipality is entitled to receive revenue as provided by Sections 351.156 and 351.157 until the 10th anniversary of the date the qualified hotel to which the entitlement relates is open for initial occupancy.</u> <u>(b) A municipality described by Section 351.152(46) is</u>	No equivalent provision.	

**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION	SENATE VERSION (IE)	CONFERENCE
<u>entitled to receive revenue as provided by Sections 351.156 and 351.157 until the 20th anniversary of the date the qualified hotel to which the entitlement relates is open for initial occupancy.</u>		
SECTION 12. Section 351.161(a), Tax Code, as added by Chapter 1030 (S.B. 627), Acts of the 88th Legislature, Regular Session, 2023, is amended to read as follows: (a) This section applies only to a municipality described by Section 351.152(5) <u>or (75)</u> .	SECTION 15. Same as House version.	
SECTION 13. Section 351.162, Tax Code, is amended by amending Subsections (b) and (c) and adding Subsection (b-1) to read as follows: (b) <u>Except as provided by Subsection (b-1), on</u> <del>[On]</del> the 20th anniversary of the date a hotel designated as a qualified hotel by a municipality 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 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	<b>No equivalent provision.</b>	

**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

(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 the municipality must remit to the comptroller the difference between those two amounts in the manner provided by this subsection. The municipality shall, using money lawfully available to the municipality for the purpose, remit monthly payments to the comptroller in an amount equal to the total amount of municipal hotel occupancy tax revenue received by the municipality from the qualified hotel in the preceding month until the amount remitted to the comptroller equals the total amount due as stated in the notice. The first payment required under this subsection must be made not later

**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

than the 30th day after the date the municipality receives the notice from the comptroller. Subsequent payments are due on the 20th day of each month until the total amount stated in the notice is paid. The comptroller shall prescribe the procedure a municipality must use to remit a payment required by this subsection to the comptroller.

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

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

- (1) a county that has a population of more than 3.3 million;
- (2) a county that has a population of 90,000 or more, borders the United Mexican States, does not border the Gulf of Mexico, and does not have four or more cities that each have a population of more than 25,000;
- (3) a county in which there is no municipality;
- (4) a county in which there is located an Indian reservation under the jurisdiction of the United States government;
- (5) a county that has a population of 30,000 or less, that has no more than one municipality with a population of less than 2,500, and that borders two counties located wholly in the Edwards Aquifer Authority established by Chapter 626, Acts of the 73rd Legislature, Regular Session, 1993;
- (6) a county that borders the Gulf of Mexico, other than a

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

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

- (1) a county that has a population of more than 3.3 million;
- (2) a county that has a population of 90,000 or more, borders the United Mexican States, does not border the Gulf of Mexico, and does not have four or more cities that each have a population of more than 25,000;
- (3) a county in which there is no municipality;
- (4) a county in which there is located an Indian reservation under the jurisdiction of the United States government;
- (5) a county that has a population of 30,000 or less, that has no more than one municipality with a population of less than 2,500, and that borders two counties located wholly in the Edwards Aquifer Authority established by Chapter 626, Acts of the 73rd Legislature, Regular Session, 1993;
- (6) a county that borders the Gulf of Mexico, other than a

**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

county authorized to impose the tax under Subdivision (30);  
(7) a county that has a population of less than 5,000, that borders the United Mexican States, and in which there is located a major observatory;  
(8) a county that has a population of 12,000 or less and borders the Toledo Bend Reservoir;  
(9) a county that has a population of less than 12,500 and an area of less than 275 square miles and does not border a county that borders Arkansas and Louisiana;  
(10) a county that has a population of 30,000 or less and borders Possum Kingdom Lake;  
(11) a county that borders a county with a population of more than 300,000 and the United Mexican States and has a population of more than 300,000 and less than 900,000;  
(12) a county that has a population of 35,000 or more and borders or contains a portion of Lake Fork Reservoir;  
(13) a county that borders the United Mexican States and in which there is located a national recreation area;  
(14) a county that borders the United Mexican States and in which there is located a national park of more than 400,000 acres;  
(15) a county that has a population of 28,000 or less, that has no more than four municipalities, and that is located wholly in the Edwards Aquifer Authority established by Chapter 626, Acts of the 73rd Legislature, Regular Session, 1993;  
(16) a county that has a population of 25,000 or less, whose territory is less than 750 square miles, and that has two incorporated municipalities, each with a population of 800 or less, at least one of which is located on the Frio River;  
(17) a county that has a population of 34,000 or more and borders Lake Buchanan;  
(18) a county that has a population of more than 45,000 and

SENATE VERSION (IE)

county authorized to impose the tax under Subdivision (30);  
(7) a county that has a population of less than 5,000, that borders the United Mexican States, and in which there is located a major observatory;  
(8) a county that has a population of 12,000 or less and borders the Toledo Bend Reservoir;  
(9) a county that has a population of less than 12,500 and an area of less than 275 square miles and does not border a county that borders Arkansas and Louisiana;  
(10) a county that has a population of 30,000 or less and borders Possum Kingdom Lake;  
(11) a county that borders a county with a population of more than 300,000 and the United Mexican States and has a population of more than 300,000 and less than 900,000;  
(12) a county that has a population of 35,000 or more and borders or contains a portion of Lake Fork Reservoir;  
(13) a county that borders the United Mexican States and in which there is located a national recreation area;  
(14) a county that borders the United Mexican States and in which there is located a national park of more than 400,000 acres;  
(15) a county that has a population of 28,000 or less, that has no more than four municipalities, and that is located wholly in the Edwards Aquifer Authority established by Chapter 626, Acts of the 73rd Legislature, Regular Session, 1993;  
(16) a county that has a population of 25,000 or less, whose territory is less than 750 square miles, and that has two incorporated municipalities, each with a population of 800 or less, at least one of which is located on the Frio River;  
(17) a county that has a population of 34,000 or more and borders Lake Buchanan;  
(18) a county that has a population of more than 45,000 and

CONFERENCE



**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

less than 75,000, that borders the United Mexican States, and that borders or contains a portion of Falcon Lake;

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

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

(21) a county through which the Pedernales River flows and in which the birthplace or the childhood home of a president of 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

SENATE VERSION (IE)

less than 75,000, that borders the United Mexican States, and that borders or contains a portion of Falcon Lake;

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

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

(21) a county through which the Pedernales River flows and in which the birthplace or the childhood home of a president of 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

CONFERENCE

**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

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

SENATE VERSION (IE)

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.

(ii) The commissioners court of a county that borders Oklahoma and is bisected by United States Highway 62 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 17. Same as House version.

CONFERENCE

**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

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.

(hh) The tax rate in a county authorized to impose the tax under Section 352.002(a)(30) 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.

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

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

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

(2) advertising and conducting solicitations and promotional

SECTION 18. Subchapter B, Chapter 352, Tax Code, is amended by adding Section 352.119 to read as follows:

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

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

(2) advertising and conducting solicitations and promotional

**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

programs to attract tourists or convention delegates to the county, any of which may be conducted by the county or through a contract with a person or organization selected by the county; and

(3) encouraging, promoting, and improving historical preservation and restoration efforts.

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

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

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

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

(b) The **change in law made** by this section applies only to

SENATE VERSION (IE)

programs to attract tourists or convention delegates to the county, any of which may be conducted by the county or through a contract with a person or organization selected by the county; and

(3) encouraging, promoting, and improving historical preservation and restoration efforts.

SECTION 19. (a) Section 351.1035, Tax Code, is repealed.  
[FA1(1)]

( ) Effective January 1, 2026, Section 351.155(d), Tax Code, is repealed. [FA1(2)]

(b) The **repeal** by this section **of Section 351.1035, Tax Code,**

CONFERENCE

**House Bill 2974**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION	SENATE VERSION (IE)	CONFERENCE
revenue collected on or after the effective date of this Act. Revenue collected before the effective date of this Act is governed by the law in effect when the revenue was collected, and the former law is continued in effect for that purpose.	<p>applies only to revenue collected on or after the effective date of this Act. Revenue collected before the effective date of this Act is governed by the law in effect when the revenue was collected, and the former law is continued in effect for that purpose.</p> <p>(c) The repeal by this section of Section 351.155(d), Tax Code, does not affect the validity of a bond, contractual obligation, or other obligation for which revenue was pledged, committed, or authorized by a municipality under Subchapter C, Chapter 351, Tax Code, before the effective date of this Act. Bonds, contractual obligations, or other obligations for which revenue was pledged or committed before that date are governed by the law in effect when the revenue was pledged or committed, and that law is continued in effect for the purposes of the validity of those bonds, contractual obligations, and other obligations.</p>	
SECTION 18. It is the intent of the 89th Legislature, Regular Session, 2025, that the amendments made by this Act be harmonized with another Act of the 89th Legislature, Regular Session, 2025, relating to nonsubstantive additions to and corrections in enacted codes.	SECTION 20. Same as House version.	
SECTION 19. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2025.	SECTION 21. Except as otherwise provided by this Act, this Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2025. [FA1(3)]	