

By: Sanford

H.B. No. 1578

A BILL TO BE ENTITLED

AN ACT

relating to the authority of certain municipalities to pledge revenue from the municipal hotel occupancy tax for the payment of obligations related to hotel projects.

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

SECTION 1. Section 351.102, Tax Code, is amended by amending Subsections (b), (c), and (d) and adding Subsection (e) to read as follows:

(b) An eligible central municipality, a municipality with a population of 173,000 or more that is located within two or more counties, a municipality with a population of 96,000 or more that is located in a county that borders Lake Palestine or contains the headwaters of the San Gabriel River, or a municipality with a population of at least 99,900 but not more than 111,000 that is located in a county with a population of at least 135,000 may pledge the revenue derived from the tax imposed under this chapter from a hotel project that is owned by or located on land owned by the municipality or, in an eligible central municipality, by a nonprofit corporation acting on behalf of an eligible central municipality, and that is located within 1,000 feet of a convention center facility owned by the municipality for the payment of bonds or other obligations issued or incurred to acquire, lease, construct, and equip the hotel and any facilities ancillary to the hotel, including convention center entertainment-related

1 facilities, meeting spaces, restaurants, shops, street and water  
 2 and sewer infrastructure necessary for the operation of the hotel  
 3 or ancillary facilities, and parking facilities within 1,000 feet  
 4 of the hotel or convention center facility. For bonds or other  
 5 obligations issued under this subsection, an eligible central  
 6 municipality or a municipality described by this subsection or  
 7 Subsection (e) may only pledge revenue or other assets of the hotel  
 8 project benefiting from those bonds or other obligations.

9 (c) A municipality to which Subsection (b) or (e) applies is  
 10 entitled to receive all funds from a project described by this  
 11 section that an owner of a project may receive under Section  
 12 151.429(h) of this code, or Section 2303.5055, Government Code, and  
 13 may pledge the funds for the payment of obligations issued under  
 14 this section.

15 (d) Except as provided by this subsection, an eligible  
 16 central municipality or another municipality described by  
 17 Subsection (b) or (e) that uses revenue derived from the tax imposed  
 18 under this chapter or funds received under Subsection (c) for a  
 19 hotel project described by Subsection (b) may not reduce the  
 20 percentage of revenue from the tax imposed under this chapter and  
 21 allocated for a purpose described by Section 351.101(a)(3) to a  
 22 percentage that is less than the average percentage of that revenue  
 23 allocated by the municipality for that purpose during the 36-month  
 24 period preceding the date the municipality begins using the revenue  
 25 or funds for the hotel project. This subsection does not apply to  
 26 an eligible central municipality described by Section  
 27 351.001(7)(D).

1       (e) In addition to the municipalities described by  
2 Subsection (b), that subsection also applies to a municipality with  
3 a population of at least 9,000 but not more than 10,000 that is  
4 located in two counties, each of which has a population of at least  
5 662,000 and a southern border with a county with a population of 2.3  
6 million or more.

7       SECTION 2. This Act takes effect immediately if it receives  
8 a vote of two-thirds of all the members elected to each house, as  
9 provided by Section 39, Article III, Texas Constitution. If this  
10 Act does not receive the vote necessary for immediate effect, this  
11 Act takes effect September 1, 2017.