

AN ACT

relating to the use of hotel occupancy tax revenue in certain municipalities.

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

SECTION 1. Section 351.101, Tax Code, is amended by adding Subsection (j) to read as follows:

(j) In addition to the purposes provided by Subsection (a), a municipality that has a population of not more than 5,000 and at least part of which is located less than one-eighth of one mile from a space center operated by an agency of the federal government may use revenue from the municipal hotel occupancy tax for 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.

SECTION 2. Subchapter B, Chapter 351, Tax Code, is amended by adding Section 351.1071 to read as follows:

Sec. 351.1071. ALLOCATION OF REVENUE: CERTAIN MUNICIPALITIES. (a) This section applies only to a municipality:

(1) that has a population of not more than 5,000; and  
(2) at least part of which is located less than one-eighth of one mile from a space center operated by an agency of the federal government.

(b) In this section, "authorized facility" means a civic

1 center, marina, meeting room, hotel, parking facility, or visitor  
2 center, including signage related to the facility, that:

3 (1) is owned by the municipality or a nonprofit  
4 corporation acting on behalf of the municipality;

5 (2) is located not more than 1,000 feet from a hotel  
6 property in the municipality; and

7 (3) substantially enhances hotel activity and  
8 encourages tourism within the municipality.

9 (c) Subject to Subsection (d) and notwithstanding any other  
10 provision of this chapter, a municipality to which this section  
11 applies may use the amount of revenue derived from the application  
12 of the tax under this chapter at a rate of three percent of the price  
13 paid for a room in a hotel to:

14 (1) establish, acquire, purchase, construct, improve,  
15 maintain, or operate an authorized facility; and

16 (2) pay bonds issued for a purpose described by  
17 Subdivision (1).

18 (d) A municipality may not use municipal hotel occupancy tax  
19 revenue on an authorized facility in a total amount that would  
20 exceed the amount of hotel revenue attributable to events at that  
21 facility for the 15-year period following the completion of  
22 construction.

23 (e) A municipality that uses municipal hotel occupancy tax  
24 revenue for a purpose authorized by this section shall publish  
25 annually for the 15-year period following the completion of  
26 construction at the authorized facility for which the revenue was  
27 used a report on the Internet website of the municipality that

1 lists:

2 (1) for the preceding year, the events held at the  
3 authorized facility with respect to which the tax revenue was used  
4 and the number of hotel room nights attributable to those events;  
5 and

6 (2) the amount of hotel revenue and municipal hotel  
7 occupancy tax revenue attributable to events held at the authorized  
8 facility in that year.

9 (f) If a municipality uses municipal hotel occupancy tax  
10 revenue to establish, acquire, purchase, construct, or improve an  
11 authorized facility, the municipality shall, on the 5th, 10th, and  
12 15th anniversaries of the completion of construction at the  
13 facility:

14 (1) calculate:

15 (A) the sum of:

16 (i) municipal hotel occupancy tax revenue  
17 used to maintain or operate the facility in the past five years;

18 (ii) one-third of the amount of municipal  
19 hotel occupancy tax revenue used to establish, acquire, purchase,  
20 construct, or improve the authorized facility; and

21 (iii) any credits carried over from a  
22 previous five-year period, as authorized by Subsection (g); and

23 (B) hotel revenue directly attributable to  
24 events held at the authorized facility in the past five years; and

25 (2) if the amount calculated under Subdivision (1)(A)  
26 exceeds the amount calculated under Subdivision (1)(B), reimburse  
27 the municipality's hotel occupancy tax revenue fund from the

1 municipality's general fund in the amount of the difference.

2 (g) If, for a given five-year period, the amount calculated  
3 under Subsection (f)(1)(B) exceeds the amount calculated under  
4 Subsection (f)(1)(A), the municipality may carry forward the  
5 difference to be used as a credit in a subsequent five-year period.

6 SECTION 3. This Act takes effect immediately if it receives  
7 a vote of two-thirds of all the members elected to each house, as  
8 provided by Section 39, Article III, Texas Constitution. If this  
9 Act does not receive the vote necessary for immediate effect, this  
10 Act takes effect September 1, 2015.

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President of the Senate

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Speaker of the House

I certify that H.B. No. 1585 was passed by the House on May 15, 2015, by the following vote: Yeas 118, Nays 21, 2 present, not voting; that the House refused to concur in Senate amendments to H.B. No. 1585 on May 28, 2015, and requested the appointment of a conference committee to consider the differences between the two houses; and that the House adopted the conference committee report on H.B. No. 1585 on May 31, 2015, by the following vote: Yeas 99, Nays 44, 2 present, not voting.

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Chief Clerk of the House

H.B. No. 1585

I certify that H.B. No. 1585 was passed by the Senate, with amendments, on May 26, 2015, by the following vote: Yeas 29, Nays 2; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; and that the Senate adopted the conference committee report on H.B. No. 1585 on May 30, 2015, by the following vote: Yeas 28, Nays 3.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

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Governor