

1-1 By: Clardy (Senate Sponsor - Eltife) H.B. No. 1964
 1-2 (In the Senate - Received from the House April 27, 2015;
 1-3 April 30, 2015, read first time and referred to Committee on
 1-4 Business and Commerce; May 11, 2015, reported adversely, with
 1-5 favorable Committee Substitute by the following vote: Yeas 8,
 1-6 Nays 0; May 11, 2015, sent to printer.)

1-7 COMMITTEE VOTE

| | Yea | Nay | Absent | PNV |
|------|-----|-----|--------|-----|
| 1-8 | | | | |
| 1-9 | X | | | |
| 1-10 | X | | | |
| 1-11 | X | | | |
| 1-12 | X | | | |
| 1-13 | X | | | |
| 1-14 | | | X | |
| 1-15 | X | | | |
| 1-16 | X | | | |
| 1-17 | X | | | |

1-18 COMMITTEE SUBSTITUTE FOR H.B. No. 1964 By: Eltife

1-19 A BILL TO BE ENTITLED
 1-20 AN ACT

1-21 relating to certain convention center hotel projects.
 1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
 1-23 SECTION 1. Sections 351.001(2) and (7), Tax Code, are
 1-24 amended to read as follows:

1-25 (2) "Convention center facilities" or "convention
 1-26 center complex" means facilities that are primarily used to host
 1-27 conventions and meetings. The term means civic centers, civic
 1-28 center buildings, auditoriums, exhibition halls, and coliseums
 1-29 that are owned by the municipality or other governmental entity or
 1-30 that are managed in whole or part by the municipality. In a
 1-31 municipality with a population of 1.5 million or more, "convention
 1-32 center facilities" or "convention center complex" means civic
 1-33 centers, civic center buildings, auditoriums, exhibition halls,
 1-34 and coliseums that are owned by the municipality or other
 1-35 governmental entity or that are managed in part by the
 1-36 municipality, hotels owned by the municipality or a nonprofit
 1-37 municipally sponsored local government corporation created under
 1-38 Chapter 431, Transportation Code, within 1,000 feet of a convention
 1-39 center owned by the municipality, or a historic hotel owned by the
 1-40 municipality or a nonprofit municipally sponsored local government
 1-41 corporation created under Chapter 431, Transportation Code, within
 1-42 one mile of a convention center owned by the municipality. The term
 1-43 includes parking areas or facilities that are for the parking or
 1-44 storage of conveyances and that are located at or in the vicinity of
 1-45 other convention center facilities. The term also includes a hotel
 1-46 owned by or located on land that is owned by an eligible central
 1-47 municipality or by a nonprofit corporation acting on behalf of an
 1-48 eligible central municipality and that is located within 1,000 feet
 1-49 of a convention center facility owned by the municipality. The term
 1-50 also includes a hotel that is owned in part by an eligible central
 1-51 municipality described by Subdivision (7)(D) and that is located
 1-52 within 1,000 feet of a convention center facility. ~~[The term also~~
 1-53 ~~includes a hotel proposed to be constructed, remodeled, or~~
 1-54 ~~rehabilitated by a municipality or a nonprofit municipally~~
 1-55 ~~sponsored local government corporation created under Chapter 431,~~
 1-56 ~~Transportation Code, that is within 3,000 feet of the property line~~
 1-57 ~~of a convention center owned by a municipality having a population~~
 1-58 ~~of more than 500,000 and that borders the United Mexican States.]~~

1-59 (7) "Eligible central municipality" means:
 1-60 (A) a municipality with a population of more than
 1-61 140,000 but less than 1.5 million that is located in a county with a

2-1 population of one million or more and that has adopted a capital
2-2 improvement plan for the construction or expansion of a [~~an~~
2-3 ~~existing~~] convention center facility; [~~or~~]

2-4 (B) a municipality with a population of 250,000
2-5 or more that:

2-6 (i) is located wholly or partly on a barrier
2-7 island that borders the Gulf of Mexico;

2-8 (ii) is located in a county with a
2-9 population of 300,000 or more; and

2-10 (iii) has adopted a capital improvement
2-11 plan to expand an existing convention center facility;

2-12 (C) a municipality with a population of 116,000
2-13 or more that:

2-14 (i) is located in two counties both of which
2-15 have a population of 660,000 or more; and

2-16 (ii) has adopted a capital improvement plan
2-17 for the construction or expansion of a convention center facility;

2-18 (D) a municipality with a population of less than
2-19 50,000 that contains a general academic teaching institution that
2-20 is not a component institution of a university system, as those
2-21 terms are defined by Section 61.003, Education Code; or

2-22 (E) a municipality with a population of 640,000
2-23 or more that:

2-24 (i) is located on an international border;
2-25 and

2-26 (ii) has adopted a capital improvement plan
2-27 for the construction or expansion of a convention center facility.

2-28 SECTION 2. Section 351.102, Tax Code, is amended by
2-29 amending Subsections (a) and (b) and adding Subsection (d) to read
2-30 as follows:

2-31 (a) Subject to the limitations provided by this subchapter,
2-32 a municipality may pledge the revenue derived from the tax imposed
2-33 under this chapter for the payment of bonds that are issued under
2-34 Section 1504.002(a), Government Code, for one or more of the
2-35 purposes provided by Section 351.101 or, in the case of a
2-36 municipality of 1,500,000 or more [~~or a municipality having a~~
2-37 ~~population of more than 500,000 and that borders the United Mexican~~
2-38 ~~States], for the payment of principal of or interest on bonds or~~
2-39 ~~other obligations of a municipally sponsored local government~~
2-40 ~~corporation created under Chapter 431, Transportation Code, that~~
2-41 ~~were issued to pay the cost of the acquisition and construction of a~~
2-42 ~~convention center hotel or the cost of acquisition, remodeling, or~~
2-43 ~~rehabilitation of a historic hotel structure; provided, however,~~
2-44 ~~such pledge may only be that portion of the tax collected at such~~
2-45 ~~hotel.~~

2-46 (b) An eligible central municipality, [~~or~~] a municipality
2-47 with a population of 173,000 or more that is located within two or
2-48 more counties, a municipality with a population of 96,000 or more
2-49 that is located in a county that borders Lake Palestine or contains
2-50 the headwaters of the San Gabriel River, or a municipality with a
2-51 population of at least 99,900 but not more than 111,000 that is
2-52 located in a county with a population of at least 135,000 may pledge
2-53 the revenue derived from the tax imposed under this chapter from a
2-54 hotel project that is owned by or located on land owned by the
2-55 municipality or, in an eligible central municipality, by a
2-56 nonprofit corporation acting on behalf of an eligible central
2-57 municipality, and that is located within 1,000 feet of a convention
2-58 center facility owned by the municipality for the payment of bonds
2-59 or other obligations issued or incurred to acquire, lease,
2-60 construct, and equip the hotel and any facilities ancillary to the
2-61 hotel, including convention center entertainment-related
2-62 facilities, meeting spaces, restaurants, shops, street and water
2-63 and sewer infrastructure necessary for the operation of the hotel
2-64 or ancillary facilities, and parking facilities within 1,000 feet
2-65 of the hotel or convention center facility. For bonds or other
2-66 obligations issued under this subsection, an eligible central
2-67 municipality or a municipality described by this subsection [~~with a~~
2-68 ~~population of 173,000 or more that is located within two counties]~~
2-69 may only pledge revenue or other assets of the hotel project

3-1 benefiting from those bonds or other obligations.
 3-2 (d) Except as provided by this subsection, an eligible
 3-3 central municipality or another municipality described by
 3-4 Subsection (b) that uses revenue derived from the tax imposed under
 3-5 this chapter or funds received under Subsection (c) for a hotel
 3-6 project described by Subsection (b) may not reduce the percentage
 3-7 of revenue from the tax imposed under this chapter and allocated for
 3-8 a purpose described by Section 351.101(a)(3) to a percentage that
 3-9 is less than the average percentage of that revenue allocated by the
 3-10 municipality for that purpose during the 36-month period preceding
 3-11 the date the municipality begins using the revenue or funds for the
 3-12 hotel project. This subsection does not apply to an eligible
 3-13 central municipality described by Section 351.001(7)(D).

3-14 SECTION 3. Section 151.429(h), Tax Code, is amended to read
 3-15 as follows:

3-16 (h) [~~This subsection does not apply to a qualified hotel~~
 3-17 ~~project described by Section 2303.003(8)(B), Government Code.~~] Notwithstanding the other provisions of this section, the owner of
 3-18 a qualified hotel project shall receive a rebate, refund, or
 3-19 payment of 100 percent of the sales and use taxes paid or collected
 3-20 by the qualified hotel project or businesses located in the
 3-21 qualified hotel project pursuant to this chapter and 100 percent of
 3-22 the hotel occupancy taxes paid by persons for the use or possession
 3-23 of or for the right to the use or possession of a room or space at
 3-24 the qualified hotel project pursuant to the provisions of Chapter
 3-25 156 during the first 10 years after such qualified hotel project is
 3-26 open for initial occupancy. The comptroller shall deposit the
 3-27 taxes in trust in a separate suspense account of the qualified hotel
 3-28 project. A suspense account is outside the state treasury, and the
 3-29 comptroller may make a rebate, refund, or payment authorized by
 3-30 this section without the necessity of an appropriation. The
 3-31 comptroller shall rebate, refund, or pay to each qualified hotel
 3-32 project eligible taxable proceeds to which the project is entitled
 3-33 under this section at least monthly.

3-34 SECTION 4. Section 2303.003(8), Government Code, is amended
 3-35 to read as follows:

3-36 (8) "Qualified hotel project" means[+
 3-37 [~~(A)~~] a hotel proposed to be constructed by a
 3-38 municipality or a nonprofit municipally sponsored local government
 3-39 corporation created under the Texas Transportation Corporation
 3-40 Act, Chapter 431, Transportation Code, that is within 1,000 feet of
 3-41 a convention center owned by a municipality having a population of
 3-42 1,500,000 or more, including shops, parking facilities, and any
 3-43 other facilities ancillary to the hotel[~~, and~~
 3-44 [~~(B)~~] a hotel proposed to be constructed,
 3-45 ~~remodeled, or rehabilitated by a municipality or a nonprofit~~
 3-46 ~~municipally sponsored local government corporation created under~~
 3-47 ~~the Texas Transportation Corporation Act, Chapter 431,~~
 3-48 ~~Transportation Code, that is within 3,000 feet of the property line~~
 3-49 ~~of a convention center owned by a municipality having a population~~
 3-50 ~~of more than 500,000 and that borders the United Mexican States].~~

3-51 SECTION 5. Section 2303.5055(b), Government Code, is
 3-52 amended to read as follows:

3-53 (b) A municipality with a population of 1,500,000 or more
 3-54 [~~or a municipality having a population of more than 500,000 and that~~
 3-55 ~~borders the United Mexican States] may agree to guarantee from
 3-56 hotel occupancy taxes the bonds or other obligations of a
 3-57 municipally sponsored local government corporation created under
 3-58 the Texas Transportation Corporation Act, Chapter 431,
 3-59 Transportation Code, that were issued or incurred to pay the cost of
 3-60 construction, remodeling, or rehabilitation of a qualified hotel
 3-61 project.~~

3-62 SECTION 6. This Act takes effect immediately if it receives
 3-63 a vote of two-thirds of all the members elected to each house, as
 3-64 provided by Section 39, Article III, Texas Constitution. If this
 3-65 Act does not receive the vote necessary for immediate effect, this
 3-66 Act takes effect September 1, 2015.

3-67 * * * * *