

1-1 By: Paxton S.B. No. 720
 1-2 (In the Senate - Filed February 6, 2023; March 1, 2023,
 1-3 read first time and referred to Committee on Natural Resources &
 1-4 Economic Development; April 20, 2023, reported adversely, with
 1-5 favorable Committee Substitute by the following vote: Yeas 7,
 1-6 Nays 0, one present not voting; April 20, 2023, 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 S.B. No. 720 By: Zaffirini

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

1-21 relating to the authority of certain municipalities to receive
 1-22 certain tax revenue derived from a hotel and convention center
 1-23 project and to pledge certain tax revenue for the payment of
 1-24 obligations related to the project.

1-25 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-26 SECTION 1. Section 351.152, Tax Code, is amended to read as
 1-27 follows:

1-28 Sec. 351.152. APPLICABILITY. This subchapter applies only
 1-29 to:

1-30 (1) a municipality described by Section
 1-31 351.001(7)(B);

1-32 (2) a municipality described by Section
 1-33 351.001(7)(D);

1-34 (3) a municipality described by Section
 1-35 351.001(7)(E);

1-36 (4) a municipality described by Section
 1-37 351.102(e)(3);

1-38 (5) a municipality that contains more than 75 percent
 1-39 of the population of a county with a population of 1.5 million or
 1-40 more;

1-41 (6) a municipality with a population of 150,000 or
 1-42 more but less than 200,000 that is partially located in at least one
 1-43 county with a population of 125,000 or more;

1-44 (7) a municipality with a population of 150,000 or
 1-45 more but less than one million that is located in one county with a
 1-46 population of 2.3 million or more;

1-47 (8) a municipality with a population of 180,000 or
 1-48 more that:

1-49 (A) is located in two counties, each with a
 1-50 population of 100,000 or more; and

1-51 (B) contains an American Quarter Horse Hall of
 1-52 Fame and Museum;

1-53 (9) a municipality with a population of 96,000 or more
 1-54 that is located in a county that borders Lake Palestine;

1-55 (10) a municipality with a population of 96,000 or
 1-56 more that is located in a county that contains the headwaters of the
 1-57 San Gabriel River;

1-58 (11) a municipality with a population of 99,900 or
 1-59 more but less than 111,000 that is located in a county with a
 1-60 population of 135,000 or more;

- 2-1 (12) a municipality with a population of 110,000 or
2-2 more but less than 135,000 at least part of which is located in a
2-3 county with a population of less than 135,000;
- 2-4 (13) a municipality with a population of 9,000 or more
2-5 but less than 10,000 that is located in two counties, each of which
2-6 has a population of 662,000 or more and a southern border with a
2-7 county with a population of 2.3 million or more;
- 2-8 (14) a municipality with a population of 200,000 or
2-9 more but less than 300,000 that contains a component institution of
2-10 the Texas Tech University System;
- 2-11 (15) a municipality with a population of 95,000 or
2-12 more that:
2-13 (A) is located in more than one county; and
2-14 (B) borders Lake Lewisville;
- 2-15 (16) a municipality with a population of 45,000 or
2-16 more that:
2-17 (A) contains a portion of Cedar Hill State Park;
2-18 (B) is located in two counties, one of which has a
2-19 population of two million or more and one of which has a population
2-20 of 149,000 or more; and
2-21 (C) has adopted a capital improvement plan for
2-22 the construction or expansion of a convention center facility;
- 2-23 (17) a municipality with a population of less than
2-24 6,000 that:
2-25 (A) is almost wholly located in a county with a
2-26 population of 600,000 or more that is adjacent to a county with a
2-27 population of two million or more;
2-28 (B) is partially located in a county with a
2-29 population of 1.8 million or more that is adjacent to a county with
2-30 a population of two million or more;
2-31 (C) has a visitor center and museum located in a
2-32 19th-century rock building in the municipality's downtown; and
2-33 (D) has a waterpark open to the public;
- 2-34 (18) a municipality with a population of 56,000 or
2-35 more that:
2-36 (A) borders Lake Ray Hubbard; and
2-37 (B) is located in two counties, one of which has a
2-38 population of less than 80,000;
- 2-39 (19) a municipality with a population of 83,000 or
2-40 more that:
2-41 (A) borders Clear Lake; and
2-42 (B) is primarily located in a county with a
2-43 population of less than 300,000;
- 2-44 (20) a municipality with a population of less than
2-45 2,000 that:
2-46 (A) is located adjacent to a bay connected to the
2-47 Gulf of Mexico;
2-48 (B) is located in a county with a population of
2-49 290,000 or more that is adjacent to a county with a population of
2-50 four million or more; and
2-51 (C) has a boardwalk on the bay;
- 2-52 (21) a municipality with a population of 75,000 or
2-53 more that:
2-54 (A) is located wholly in one county with a
2-55 population of 575,000 or more that is adjacent to a county with a
2-56 population of four million or more; and
2-57 (B) has adopted a capital improvement plan for
2-58 the construction or expansion of a convention center facility;
- 2-59 (22) a municipality with a population of less than
2-60 75,000 that is located in three counties, at least one of which has
2-61 a population of four million or more;
- 2-62 (23) an eligible coastal municipality with a
2-63 population of 3,000 or more but less than 5,000;
- 2-64 (24) a municipality with a population of 90,000 or
2-65 more but less than 150,000 that:
2-66 (A) is located in three counties; and
2-67 (B) contains a branch campus of a component
2-68 institution of the University of Houston System;
- 2-69 (25) a municipality that is:

- 3-1 (A) primarily located in a county with a
 3-2 population of four million or more; and
 3-3 (B) connected by a bridge to a municipality
 3-4 described by Subdivision (20);
 3-5 (26) a municipality with a population of 20,000 or
 3-6 more but less than 25,000 that:
 3-7 (A) contains a portion of Mustang Bayou; and
 3-8 (B) is wholly located in a county with a
 3-9 population of less than 500,000;
 3-10 (27) a municipality with a population of 70,000 or
 3-11 more but less than 90,000 that is located in two counties, one of
 3-12 which has a population of four million or more and the other of
 3-13 which has a population of less than 50,000;
 3-14 (28) a municipality with a population of 10,000 or
 3-15 more that:
 3-16 (A) is wholly located in a county with a
 3-17 population of four million or more; and
 3-18 (B) has a city hall located less than three miles
 3-19 from a space center operated by an agency of the federal government;
 3-20 (29) a municipality that is the county seat of a
 3-21 county:
 3-22 (A) through which the Pedernales River flows; and
 3-23 (B) in which the birthplace of a president of the
 3-24 United States is located;
 3-25 (30) a municipality that contains a portion of U.S.
 3-26 Highway 79 and State Highway 130;
 3-27 (31) a municipality with a population of 48,000 or
 3-28 more but less than 95,000 that is located in two counties, one of
 3-29 which has a population of 900,000 or more but less than 1.7 million;
 3-30 (32) a municipality with a population of less than
 3-31 25,000 that contains a museum of Western American art;
 3-32 (33) a municipality with a population of 50,000 or
 3-33 more that is the county seat of a county that contains a portion of
 3-34 the Sam Houston National Forest;
 3-35 (34) a municipality with a population of less than
 3-36 25,000 that:
 3-37 (A) contains a cultural heritage museum; and
 3-38 (B) is located in a county that borders the
 3-39 United Mexican States and the Gulf of Mexico;
 3-40 (35) a municipality that is the county seat of a county
 3-41 that:
 3-42 (A) has a population of 115,000 or more;
 3-43 (B) is adjacent to a county with a population of
 3-44 1.8 million or more; and
 3-45 (C) hosts an annual peach festival;
 3-46 (36) a municipality that is the county seat of a county
 3-47 that:
 3-48 (A) has a population of 585,000 or more; and
 3-49 (B) is adjacent to a county with a population of
 3-50 four million or more;
 3-51 (37) a municipality with a population of less than
 3-52 10,000 that:
 3-53 (A) contains a component university of The Texas
 3-54 A&M University System; and
 3-55 (B) is located in a county adjacent to a county
 3-56 that borders Oklahoma;
 3-57 (38) a municipality with a population of less than
 3-58 6,100 that:
 3-59 (A) is located in two counties, each of which has
 3-60 a population of 600,000 or more but less than two million; and
 3-61 (B) hosts an annual Cajun Festival;
 3-62 (39) a municipality with a population of 13,000 or
 3-63 more that:
 3-64 (A) is located on an international border; and
 3-65 (B) is located in a county:
 3-66 (i) with a population of less than 400,000;
 3-67 and
 3-68 (ii) in which at least one World Birding
 3-69 Center site is located;

4-1 (40) a municipality with a population of 4,000 or more
4-2 that:
4-3 (A) is located on an international border; and
4-4 (B) is located not more than five miles from a
4-5 state historic site that serves as a visitor center for a state park
4-6 that contains 300,000 or more acres of land;
4-7 (41) a municipality with a population of 36,000 or
4-8 more that is adjacent to at least two municipalities described by
4-9 Subdivision (15);
4-10 (42) a municipality with a population of 28,000 or
4-11 more in which is located a historic railroad depot and heritage
4-12 center;
4-13 (43) a municipality located in a county that has a
4-14 population of not more than 300,000 and in which a component
4-15 university of the University of Houston System is located;
4-16 (44) a municipality with a population of less than
4-17 500,000 that is:
4-18 (A) located in two counties; and
4-19 (B) adjacent to a municipality described by
4-20 Subdivision (31); ~~and~~
4-21 (45) a municipality that:
4-22 (A) has a population of more than 67,000; and
4-23 (B) is located in two counties with 90 percent of
4-24 the municipality's territory located in a county with a population
4-25 of at least 580,000, and the remaining territory located in a county
4-26 with a population of at least four million;
4-27 (46) a municipality that:
4-28 (A) has a population of 100,000 or more; and
4-29 (B) is wholly located in, but is not the county
4-30 seat of, a county with a population of one million or more;
4-31 (i) in which all or part of a municipality
4-32 with a population of one million or more is located; and
4-33 (ii) that is adjacent to a county with a
4-34 population of 2.5 million or more; and
4-35 (47) a municipality that is the county seat of a
4-36 county:
4-37 (A) with a population of one million or more;
4-38 (B) in which all or part of a municipality with a
4-39 population of one million or more is located; and
4-40 (C) that is located adjacent to a county with a
4-41 population of 2.5 million or more.
4-42 SECTION 2. Section 351.153(a), Tax Code, is amended to read
4-43 as follows:
4-44 (a) This section applies only to a municipality described by
4-45 Section 351.152(6), ~~or~~ (29), or (47).
4-46 SECTION 3. Sections 351.157(b) and (c), Tax Code, are
4-47 amended to read as follows:
4-48 (b) This section applies only to:
4-49 (1) a municipality described by Section 351.152(3);
4-50 (2) a municipality described by Section 351.152(6);
4-51 (3) a municipality described by Section 351.152(7);
4-52 (4) a municipality described by Section 351.152(10);
4-53 (4-a) a municipality described by Section
4-54 351.152(14);
4-55 (5) a municipality described by Section 351.152(16);
4-56 (6) a municipality described by Section 351.152(22);
4-57 (7) a municipality described by Section 351.152(25);
4-58 (8) a municipality described by Section 351.152(34);
4-59 (9) a municipality described by Section 351.152(35);
4-60 (10) a municipality described by Section 351.152(36);
4-61 (11) a municipality described by Section 351.152(38);
4-62 ~~and~~
4-63 (12) a municipality described by Section 351.152(43);
4-64 and
4-65 (13) a municipality described by Section 351.152(46).
4-66 (c) A municipality is entitled to receive revenue under
4-67 Subsection (d) derived from the following types of establishments
4-68 that meet the requirements of Subsections (a)(1), (2), (3), and
4-69 (4):

5-1 (1) for a municipality described by Subsection (b)(1):
5-2 (A) restaurants, bars, and retail
5-3 establishments; and
5-4 (B) swimming pools and swimming facilities owned
5-5 or operated by the related qualified hotel;
5-6 (2) for a municipality described by Subsection (b)(2),
5-7 swimming pools and swimming facilities, restaurants, bars, and
5-8 retail establishments;
5-9 (3) for a municipality described by Subsection (b)(3),
5-10 restaurants, bars, and retail establishments;
5-11 (4) for a municipality described by Subsection (b)(4):
5-12 (A) restaurants, bars, and retail
5-13 establishments; and
5-14 (B) swimming pools and swimming facilities owned
5-15 or operated by the related qualified hotel;
5-16 (4-a) for a municipality described by Subsection
5-17 (b)(4-a):
5-18 (A) restaurants, bars, and retail
5-19 establishments; and
5-20 (B) swimming pools and swimming facilities owned
5-21 or operated by the related qualified hotel;
5-22 (5) for a municipality described by Subsection (b)(5),
5-23 restaurants, bars, and retail establishments;
5-24 (6) for a municipality described by Subsection (b)(6),
5-25 restaurants, bars, and retail establishments;
5-26 (7) for a municipality described by Subsection (b)(7),
5-27 restaurants, bars, and retail establishments;
5-28 (8) for a municipality described by Subsection (b)(8),
5-29 restaurants, bars, and retail establishments;
5-30 (9) for a municipality described by Subsection (b)(9),
5-31 restaurants, bars, and retail establishments;
5-32 (10) for a municipality described by Subsection
5-33 (b)(10):
5-34 (A) restaurants, bars, and retail
5-35 establishments; and
5-36 (B) swimming pools and swimming facilities owned
5-37 or operated by the related qualified hotel;
5-38 (11) for a municipality described by Subsection
5-39 (b)(11):
5-40 (A) restaurants, bars, and retail
5-41 establishments; and
5-42 (B) swimming pools and swimming facilities owned
5-43 or operated by the related qualified hotel; ~~and~~
5-44 (12) for a municipality described by Subsection
5-45 (b)(12):
5-46 (A) restaurants, bars, and retail
5-47 establishments; and
5-48 (B) swimming pools and swimming facilities owned
5-49 or operated by the related qualified hotel; and
5-50 (13) for a municipality described by Subsection
5-51 (b)(13):
5-52 (A) restaurants, bars, and retail
5-53 establishments; and
5-54 (B) swimming pools and swimming facilities owned
5-55 or operated by the related qualified hotel.
5-56 SECTION 4. Subchapter C, Chapter 351, Tax Code, is amended
5-57 by adding Section 351.161 to read as follows:
5-58 Sec. 351.161. RECAPTURE OF LOST STATE TAX REVENUE FROM
5-59 CERTAIN MUNICIPALITIES. (a) This section applies only to a
5-60 municipality described by Section 351.152(46) or (47).
5-61 (b) On the 20th anniversary of the date a hotel designated
5-62 as a qualified hotel by a municipality to which this section applies
5-63 is open for initial occupancy, the comptroller shall determine:
5-64 (1) the total amount of state tax revenue received
5-65 under Section 351.156 and, if applicable, under Section 351.157 by
5-66 the municipality from the qualified project of which the qualified
5-67 hotel was a part during the period for which the municipality was
5-68 entitled to receive that revenue; and
5-69 (2) the total amount of state tax revenue described by

6-1 Subdivision (1) received by the state during the period beginning
6-2 on the 10th anniversary of the date the qualified hotel opened for
6-3 initial occupancy and ending on the 20th anniversary of that date
6-4 from the same sources from which the municipality received the
6-5 revenue described by Subdivision (1).

6-6 (c) If the amount determined under Subsection (b)(1)
6-7 exceeds the amount determined under Subsection (b)(2), the
6-8 comptroller shall promptly provide written notice to the
6-9 municipality stating that the municipality must remit to the
6-10 comptroller the difference between those two amounts in the manner
6-11 provided by this subsection. The municipality shall, using money
6-12 lawfully available to the municipality for the purpose, remit
6-13 monthly payments to the comptroller in an amount equal to the total
6-14 amount of municipal hotel occupancy tax revenue received by the
6-15 municipality from the qualified hotel in the preceding month until
6-16 the amount remitted to the comptroller equals the total amount due
6-17 as stated in the notice. The first payment required under this
6-18 subsection must be made not later than the 30th day after the date
6-19 the municipality receives the notice from the comptroller.
6-20 Subsequent payments are due on the 20th day of each month until the
6-21 total amount stated in the notice is paid. The comptroller shall
6-22 prescribe the procedure a municipality must use to remit a payment
6-23 required by this subsection to the comptroller.

6-24 (d) The comptroller shall deposit revenue received under
6-25 this section in the manner prescribed by Section 156.251.

6-26 SECTION 5. This Act takes effect September 1, 2023.

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