

1-1 By: Craddick (Senate Sponsor - King, et al.) H.B. No. 2974  
1-2 (In the Senate - Received from the House May 14, 2025;  
1-3 May 14, 2025, read first time and referred to Committee on Economic  
1-4 Development; May 23, 2025, reported adversely, with favorable  
1-5 Committee Substitute by the following vote: Yeas 5, Nays 0;  
1-6 May 23, 2025, 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 COMMITTEE SUBSTITUTE FOR H.B. No. 2974 By: Schwertner

1-15 A BILL TO BE ENTITLED  
1-16 AN ACT

1-17 relating to municipal and county hotel occupancy taxes and the  
1-18 authority of certain municipalities to receive certain tax revenue  
1-19 derived from a hotel and convention center project and to pledge  
1-20 certain tax revenue for the payment of obligations related to the  
1-21 project; authorizing the imposition of taxes.

1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-23 SECTION 1. Section [334.0082](#), Local Government Code, is  
1-24 amended by adding Subsections (d), (e), (f), and (g) to read as  
1-25 follows:

1-26 (d) Notwithstanding Subsection (a) and subject to this  
1-27 subsection, this section also applies to a municipality that has a  
1-28 population of at least 70,000 but not more than 180,000 and that is  
1-29 located in a county that borders the United Mexican States and the  
1-30 Gulf of Mexico. A municipality described by this subsection may  
1-31 impose a tax as authorized under Subsection (b)(2) only to finance a  
1-32 convention center constructed before January 1, 2023. The  
1-33 authority of the municipality to impose the tax as authorized under  
1-34 Subsection (b)(2) expires on the earlier of:

1-35 (1) the date the debt issued for the convention center  
1-36 described by this subsection is repaid; or

1-37 (2) January 1, 2054.

1-38 (e) Subsection (d) and this subsection expire January 1,  
1-39 2054.

1-40 (f) Notwithstanding Subsection (a) and subject to this  
1-41 subsection, this section also applies to a municipality that has a  
1-42 population of not more than 25,000, that contains a cultural  
1-43 heritage museum, and that is located in a county that borders the  
1-44 United Mexican States and the Gulf of Mexico. A municipality  
1-45 described by this subsection may impose a tax as authorized under  
1-46 Subsection (b)(2) only to finance a convention center constructed  
1-47 before January 1, 2025. The authority of the municipality to impose  
1-48 the tax as authorized under Subsection (b)(2) expires on the  
1-49 earlier of:

1-50 (1) the date the debt issued for the convention center  
1-51 described by this subsection is repaid; or

1-52 (2) January 1, 2056.

1-53 (g) Subsection (f) and this subsection expire January 1,  
1-54 2056.

1-55 SECTION 2. Section [156.2511](#), Tax Code, is amended by adding  
1-56 Subsections (a-1) and (b-1) and amending Subsection (b) to read as  
1-57 follows:

1-58 (a-1) An eligible coastal municipality that receives a  
1-59 warrant issued under Subsection (a) shall transfer the full amount  
1-60 of the warrant to the park board of trustees created by the

2-1 municipality not later than the last day of the calendar month  
2-2 immediately following the date the municipality received the  
2-3 warrant.

2-4 (b) Money [An eligible coastal municipality may use money]  
2-5 received under this section may be used only to clean and maintain  
2-6 public beaches in the eligible coastal [that] municipality.

2-7 (b-1) The comptroller may issue a warrant under this section  
2-8 only if the eligible coastal municipality has:

2-9 (1) allocated at least one percent of the tax imposed  
2-10 by the municipality under Chapter 351 to clean and maintain public  
2-11 beaches in the municipality;

2-12 (2) either:

2-13 (A) applied for state funds under Subchapter C,  
2-14 Chapter 61, Natural Resources Code; or

2-15 (B) made available to the comptroller the same  
2-16 information required to be contained in an application under  
2-17 Section 61.069, Natural Resources Code; and

2-18 (3) on the request of the comptroller, submitted to  
2-19 the comptroller:

2-20 (A) financial data necessary to demonstrate that  
2-21 the municipality has satisfied the requirements of Subdivision (1);  
2-22 and

2-23 (B) a signed attestation stating that the  
2-24 municipality has satisfied the requirements of this subsection.

2-25 SECTION 3. Section 351.101, Tax Code, is amended by  
2-26 amending Subsections (a) and (q) and adding Subsection (b-1) to  
2-27 read as follows:

2-28 (a) Revenue from the municipal hotel occupancy tax may be  
2-29 used only to promote tourism and the convention and hotel industry,  
2-30 and that use is limited to the following:

2-31 (1) the acquisition of sites for and the construction,  
2-32 improvement, enlarging, equipping, repairing, operation, and  
2-33 maintenance of convention center facilities or visitor information  
2-34 centers, or both;

2-35 (2) the furnishing of facilities, personnel, and  
2-36 materials for the registration of convention delegates or  
2-37 registrants;

2-38 (3) advertising and conducting solicitations and  
2-39 promotional programs to attract tourists and convention delegates  
2-40 or registrants to the municipality or its vicinity;

2-41 (4) the encouragement, promotion, improvement, and  
2-42 application of the arts, including instrumental and vocal music,  
2-43 dance, drama, folk art, creative writing, architecture, design and  
2-44 allied fields, painting, sculpture, photography, graphic and craft  
2-45 arts, motion pictures, radio, television, tape and sound recording,  
2-46 and other arts related to the presentation, performance, execution,  
2-47 and exhibition of these major art forms;

2-48 (5) historical restoration and preservation projects  
2-49 or activities or advertising and conducting solicitations and  
2-50 promotional programs to encourage tourists and convention  
2-51 delegates to visit preserved historic sites or museums:

2-52 (A) at or in the immediate vicinity of convention  
2-53 center facilities or visitor information centers; or

2-54 (B) located elsewhere in the municipality or its  
2-55 vicinity that would be frequented by tourists and convention  
2-56 delegates;

2-57 (6) expenses, including promotion expenses, directly  
2-58 related to a sporting event in which the majority of participants  
2-59 are tourists who substantially increase economic activity at hotels  
2-60 and motels within the municipality or its vicinity if:

2-61 (A) the municipality is located in a county with  
2-62 a population of one million or less;

2-63 (B) the municipality has a population of more  
2-64 than 67,000 and is located in two counties with 90 percent of the  
2-65 municipality's territory located in a county with a population of  
2-66 at least 800,000, and the remaining territory located in a county  
2-67 with a population of at least four million; ~~or~~

2-68 (C) the municipality has a population of at least  
2-69 200,000 and shares a border with:

- 3-1 (i) a municipality with a population of at
- 3-2 least 62,000 that:
- 3-3 (a) borders Lake Ray Hubbard; and
- 3-4 (b) is located in two counties, one of
- 3-5 which has a population of less than 110,000; and
- 3-6 (ii) Lake Ray Hubbard;
- 3-7 (D) the municipality:
- 3-8 (i) has a population of at least 9,000;
- 3-9 (ii) is wholly located in a county in which
- 3-10 the State Capitol is located; and
- 3-11 (iii) is adjacent to or bisected by State
- 3-12 Highway 71; or
- 3-13 (E) the sporting event is conducted at a facility
- 3-14 located in and owned by a municipality:
- 3-15 (i) located in a county with a population of
- 3-16 2.2 million or more and that is adjacent to a county with a
- 3-17 population of more than 850,000; and
- 3-18 (ii) with a population of:
- 3-19 (a) more than 51,000 but less than
- 3-20 57,000; or
- 3-21 (b) less than 1.3 million and that is
- 3-22 bisected by Interstate Highway 20 and U.S. Highway 67;
- 3-23 (7) subject to Section 351.1076, the promotion of
- 3-24 tourism by the enhancement and upgrading of existing sports
- 3-25 facilities or fields if:
- 3-26 (A) the municipality owns the facilities or
- 3-27 fields;
- 3-28 (B) the municipality:
- 3-29 (i) has a population of 80,000 or more and
- 3-30 is located in a county that has a population of 610,000 or less;
- 3-31 (ii) has a population of at least 80,000 but
- 3-32 not more than 125,000 and is located in a county that has a
- 3-33 population of less than 240,000 but more than 233,500;
- 3-34 (iii) has:
- 3-35 (a) a population of at least 10,000
- 3-36 and is located in a county that has a population of more than 70,000
- 3-37 and borders Lake Livingston; or
- 3-38 (b) a population of 36,000 or more and
- 3-39 is located in a county with a population of less than 95,000 that
- 3-40 borders Oklahoma;
- 3-41 (iv) has a population of at least 13,000 but
- 3-42 less than 48,000 and is located in a county that has a population of
- 3-43 at least 200,000;
- 3-44 (v) has a population of at least 70,000 but
- 3-45 less than 90,000 and no part of which is located in a county with a
- 3-46 population greater than 150,000;
- 3-47 (vi) is located in a county that:
- 3-48 (a) is adjacent to the Texas-Mexico
- 3-49 border;
- 3-50 (b) has a population of at least
- 3-51 500,000; and
- 3-52 (c) does not have a municipality with
- 3-53 a population greater than 500,000;
- 3-54 (vii) is located in a county that has a
- 3-55 population of 100,000 or less and the municipality has a population
- 3-56 of:
- 3-57 (a) more than 24,400 and less than
- 3-58 25,000; or
- 3-59 (b) more than 28,150 and less than
- 3-60 31,000;
- 3-61 (viii) is located in a county that has a
- 3-62 population of ~~not~~ more than 90,000, is adjacent to a bay connected
- 3-63 to the Gulf of Mexico, and contains a portion of the Guadalupe River
- 3-64 [300,000 and in which a component university of the University of
- 3-65 Houston System is located];
- 3-66 (ix) has a population of at least 40,000 and
- 3-67 the San Marcos River flows through the municipality;
- 3-68 (x) has a population of more than 67,000 and
- 3-69 is located in two counties with 90 percent of the municipality's

4-1 territory located in a county with a population of at least 800,000,  
4-2 and the remaining territory located in a county with a population of  
4-3 at least four million;

4-4 (xi) contains an intersection of  
4-5 Interstates 35E and 35W and at least two public universities; or  
4-6 (xii) is described by Subdivision (6)(C);  
4-7 and

4-8 (C) the sports facilities and fields have been  
4-9 used, in the preceding calendar year, a combined total of more than  
4-10 10 times for district, state, regional, or national sports  
4-11 tournaments;

4-12 (8) for a municipality with a population of at least  
4-13 70,000 but less than 90,000, no part of which is located in a county  
4-14 with a population greater than 150,000, the construction,  
4-15 improvement, enlarging, equipping, repairing, operation, and  
4-16 maintenance of a coliseum or multiuse facility;

4-17 (9) signage directing the public to sights and  
4-18 attractions that are visited frequently by hotel guests in the  
4-19 municipality;

4-20 (10) the construction, improvement, enlarging,  
4-21 equipping, repairing, operation, and maintenance of a coliseum or  
4-22 multiuse facility, if the municipality:

4-23 (A) has a population of at least 90,000 but less  
4-24 than 120,000; and

4-25 (B) is located in two counties, at least one of  
4-26 which contains the headwaters of the San Gabriel River; and

4-27 (11) for a municipality with a population of more than  
4-28 175,000 but less than 225,000 that is located in two counties, each  
4-29 of which has a population of less than 200,000, the construction,  
4-30 improvement, enlarging, equipping, repairing, operation, and  
4-31 maintenance of a coliseum or multiuse facility and related  
4-32 infrastructure or a venue, as defined by Section 334.001(4), Local  
4-33 Government Code, that is related to the promotion of tourism.

4-34 (b-1) Notwithstanding Subsection (a), revenue derived from  
4-35 the tax authorized by this chapter may not be expended in a manner  
4-36 or by a program or activity that discriminates or prioritizes on the  
4-37 basis of race, color, disability, sex, religion, age, or national  
4-38 origin.

4-39 (q) In addition to the purposes provided by Subsections (a)  
4-40 and (e), a municipality described by Section 351.152(75) or a  
4-41 municipality with a population of more than 10,000 that has a city  
4-42 hall located less than three miles from a space center operated by  
4-43 an agency of the federal government and that is wholly located in a  
4-44 county with a population of four million or more may use revenue  
4-45 from the hotel occupancy tax for the construction, improvement,  
4-46 enlarging, equipping, renovating, repairing, operation, and  
4-47 maintenance of a coliseum or multiuse facility and related  
4-48 infrastructure or a venue, as defined by Section 334.001(4), Local  
4-49 Government Code, that is related to the promotion of tourism,  
4-50 including a hotel, resort, or convention center facility located on  
4-51 land owned by the municipality or a nonprofit corporation acting on  
4-52 behalf of the municipality. This subsection does not authorize a  
4-53 municipality described by Section 351.152(75) to use revenue from  
4-54 the hotel occupancy tax for the construction, improvement,  
4-55 enlarging, equipping, renovating, repairing, operation, or  
4-56 maintenance of a road, street, or water or sewer facility.

4-57 SECTION 4. Section 351.1015, Tax Code, is amended by adding  
4-58 Subsection (m) to read as follows:

4-59 (m) Notwithstanding any other provision of this section, a  
4-60 municipality may pledge or commit revenue under this section for  
4-61 only one qualified project. After a municipality pledges or  
4-62 commits revenue under this section for a qualified project, the  
4-63 municipality may not ever again pledge or commit revenue for a  
4-64 subsequent qualified project under this section. For purposes of  
4-65 this subsection, the term "municipality" includes a local  
4-66 government corporation created to aid and act on behalf of the  
4-67 municipality. This subsection may not be construed to prohibit a  
4-68 municipality from pledging or committing revenue under this section  
4-69 for a subsequent qualified project that is authorized by an act of

5-1 the legislature that becomes law on or after January 1, 2026.

5-2 SECTION 5. Section 351.102, Tax Code, is amended by adding  
5-3 Subsections (a-1), (b-1), and (b-2) to read as follows:

5-4 (a-1) Notwithstanding Subsection (a), a municipality with a  
5-5 population of more than 1.5 million may not pledge or commit revenue  
5-6 under that subsection for the payment of principal of or interest on  
5-7 bonds or other obligations issued to pay the cost of the acquisition  
5-8 and construction of a convention center hotel or the cost of  
5-9 acquisition, remodeling, or rehabilitation of a historic hotel  
5-10 structure if the acquisition, construction, remodeling, or  
5-11 rehabilitation is commenced after December 1, 2016. This  
5-12 subsection may not be construed to prohibit a municipality with a  
5-13 population of more than 1.5 million from pledging or committing  
5-14 revenue under Subsection (a) for the payment of principal of or  
5-15 interest on bonds or other obligations for the acquisition,  
5-16 construction, remodeling, or rehabilitation of a historic hotel  
5-17 structure if the pledge or commitment of revenue for that purpose is  
5-18 authorized by an act of the legislature that becomes law on or after  
5-19 January 1, 2026.

5-20 (b-1) Notwithstanding Subsection (b) or (c) and except as  
5-21 provided by Subsection (b-2), a municipality may pledge or commit  
5-22 revenue under Subsection (b) for only one hotel project. After a  
5-23 municipality pledges or commits revenue under Subsection (b) for a  
5-24 hotel project, the municipality may not ever again pledge or commit  
5-25 revenue for a subsequent hotel project under that subsection. This  
5-26 subsection may not be construed to prohibit a municipality from  
5-27 pledging or committing revenue under Subsection (b) for a  
5-28 subsequent hotel project that is authorized by an act of the  
5-29 legislature that becomes law on or after January 1, 2026.

5-30 (b-2) A municipality that before January 1, 2025, pledged or  
5-31 committed revenue under this section for more than one hotel  
5-32 project:

- 5-33 (1) is not subject to Subsection (b-1); and
- 5-34 (2) may not on or after January 1, 2025, pledge or  
5-35 commit revenue under Subsection (b) for another hotel project  
5-36 unless that hotel project is authorized by an act of the legislature  
5-37 that becomes law on or after January 1, 2026.

5-38 SECTION 6. Section 351.1021, Tax Code, is amended by adding  
5-39 Subsection (f) to read as follows:

5-40 (f) An eligible municipality may pledge or commit revenue  
5-41 under this section for only one multipurpose convention center  
5-42 facility project. After an eligible municipality pledges or  
5-43 commits revenue under this section for a multipurpose convention  
5-44 center facility project, the municipality may never again pledge or  
5-45 commit revenue under this section for a subsequent multipurpose  
5-46 convention center facility project. For purposes of this  
5-47 subsection, the term "eligible municipality" includes a local  
5-48 government corporation created to aid and act on behalf of the  
5-49 municipality. This subsection may not be construed to prohibit a  
5-50 municipality from pledging or committing revenue under this section  
5-51 for a subsequent multipurpose convention center facility project  
5-52 that is authorized by an act of the legislature that becomes law on  
5-53 or after January 1, 2026.

5-54 SECTION 7. Section 351.1022, Tax Code, is amended by adding  
5-55 Subsection (f) to read as follows:

5-56 (f) A municipality may pledge or commit revenue under this  
5-57 section for only one hotel project. After a municipality pledges or  
5-58 commits revenue under this section for a hotel project, the  
5-59 municipality may never again pledge or commit revenue under this  
5-60 section for a subsequent hotel project. This subsection may not be  
5-61 construed to prohibit a municipality from pledging or committing  
5-62 revenue under this section for a subsequent hotel project that is  
5-63 authorized by an act of the legislature that becomes law on or after  
5-64 January 1, 2026.

5-65 SECTION 8. Section 351.106, Tax Code, is amended by adding  
5-66 Subsection (d) to read as follows:

5-67 (d) In this subsection, "qualified project" has the meaning  
5-68 assigned by Section 351.1015. Notwithstanding any other provision  
5-69 of this section, a municipality may pledge or commit revenue under

6-1 this section for only one qualified project. After a municipality  
6-2 pledges or commits revenue under this section for a qualified  
6-3 project, the municipality may not ever again pledge or commit  
6-4 revenue for a qualified project. This subsection may not be  
6-5 construed to prohibit a municipality from pledging or committing  
6-6 revenue under this section for a qualified project that is  
6-7 authorized by an act of the legislature that becomes law on or after  
6-8 January 1, 2026.

6-9 SECTION 9. Section 351.1066(a), Tax Code, is amended to  
6-10 read as follows:

6-11 (a) This section applies only to:

6-12 (1) a municipality with a population of at least 3,500  
6-13 but less than 5,500 that is the county seat of a county with a  
6-14 population of less than 50,000 that borders a county with a  
6-15 population of more than 1.6 million;

6-16 (2) a municipality with a population of at least 2,800  
6-17 but less than 3,500 that is the county seat of a county with a  
6-18 population of less than 22,000 that is bordered by the Trinity River  
6-19 and includes a state park and a portion of a wildlife management  
6-20 area;

6-21 (3) a municipality with a population of at least 8,000  
6-22 that is located in a county that borders the Pecos River and that  
6-23 has a population of not more than 15,000;

6-24 (4) a municipality with a population of not more than  
6-25 15,000 that is located in a county through which the Frio River  
6-26 flows and an interstate highway crosses, and that has a population  
6-27 of at least 15,000;

6-28 (5) a municipality with a population of not less than  
6-29 7,500 that is located in a county with a population of not less than  
6-30 40,000 but less than 250,000 that is adjacent to a county with a  
6-31 population of less than 750;

6-32 (6) a municipality that is the county seat of a county  
6-33 with a population of at least 8,500 and that county contains part of  
6-34 the Chaparral Wildlife Management Area; ~~and~~

6-35 (7) a municipality that has a population of not more  
6-36 than 25,000, that contains a cultural heritage museum, and that is  
6-37 located in a county that borders the United Mexican States and the  
6-38 Gulf of Mexico;

6-39 (8) a municipality that:

6-40 (A) has a population of at least 9,000;

6-41 (B) is wholly located in a county in which the  
6-42 State Capitol is located; and

6-43 (C) is adjacent to or bisected by State Highway  
6-44 71; and

6-45 (9) a municipality that is the county seat of a county  
6-46 with a population of more than 10,000 that contains a state park  
6-47 featuring sandhills.

6-48 SECTION 10. Section 351.10712(a), Tax Code, is amended to  
6-49 read as follows:

6-50 (a) This section applies only to:

6-51 (1) a municipality with a population of at least  
6-52 95,000 that is located in a county that is bisected by United States  
6-53 Highway 385 and has a population of not more than 170,000; and

6-54 (2) a municipality located in a county that has a  
6-55 population of ~~not~~ more than 90,000, is adjacent to a bay connected  
6-56 to the Gulf of Mexico, and contains a portion of the Guadalupe River  
6-57 [~~300,000 and in which a component university of the University of~~  
6-58 ~~Houston System is located~~].

6-59 SECTION 11. Section 351.152, Tax Code, is amended to read as  
6-60 follows:

6-61 Sec. 351.152. APPLICABILITY. This subchapter applies only  
6-62 to:

6-63 (1) a municipality described by Section  
6-64 351.001(7)(B);

6-65 (2) a municipality described by Section  
6-66 351.001(7)(D);

6-67 (3) a municipality described by Section  
6-68 351.001(7)(E);

6-69 (3-a) a municipality described by Section

7-1 351.001(11);

7-2 (4) a municipality described by Section

7-3 351.102(e)(3);

7-4 (5) a municipality that contains more than 70 percent

7-5 of the population of a county with a population of 1.5 million or

7-6 more;

7-7 (6) a municipality with a population of 175,000 or

7-8 more but less than 200,000 that is partially located in at least one

7-9 county with a population of 125,000 or more;

7-10 (7) a municipality with a population of 250,000 or

7-11 more but less than one million that is located in one county with a

7-12 population of 2.5 million or more;

7-13 (8) a municipality with a population of 180,000 or

7-14 more that:

7-15 (A) is located in two counties, each with a

7-16 population of 100,000 or more; and

7-17 (B) contains an American Quarter Horse Hall of

7-18 Fame and Museum;

7-19 (9) a municipality with a population of 96,000 or more

7-20 that is located in a county that borders Lake Palestine;

7-21 (10) a municipality with a population of 96,000 or

7-22 more that is located in a county that contains the headwaters of the

7-23 San Gabriel River;

7-24 (11) a municipality with a population of at least

7-25 95,000 that is located in a county that is bisected by United States

7-26 Highway 385 and has a population of not more than 170,000;

7-27 (12) a municipality with a population of 110,000 or

7-28 more but less than 135,000 at least part of which is located in a

7-29 county with a population of less than 135,000;

7-30 (13) a municipality with a population of 28,000 or

7-31 more but less than 31,000 that is located in two counties, each of

7-32 which has a population of 900,000 or more and a southern border with

7-33 a county with a population of 2.5 million or more;

7-34 (14) a municipality with a population of 200,000 or

7-35 more but less than 300,000 that contains a component institution of

7-36 the Texas Tech University System;

7-37 (15) a municipality with a population of 95,000 or

7-38 more that:

7-39 (A) is located in more than one county; and

7-40 (B) borders Lake Lewisville;

7-41 (16) a municipality with a population of 45,000 or

7-42 more that:

7-43 (A) contains a portion of Cedar Hill State Park;

7-44 (B) is located in two counties, one of which has a

7-45 population of 2.5 million or more and one of which has a population

7-46 of 190,000 or more; and

7-47 (C) has adopted a capital improvement plan for

7-48 the construction or expansion of a convention center facility;

7-49 (17) a municipality with a population of less than

7-50 10,000 that:

7-51 (A) is almost wholly located in a county with a

7-52 population of 900,000 or more that is adjacent to a county with a

7-53 population of 2.5 million or more;

7-54 (B) is partially located in a county with a

7-55 population of 2.1 million or more that is adjacent to a county with

7-56 a population of 2.5 million or more;

7-57 (C) has a visitor center and museum located in a

7-58 19th-century rock building in the municipality's downtown; and

7-59 (D) has a waterpark open to the public;

7-60 (18) a municipality with a population of 60,000 or

7-61 more that:

7-62 (A) borders Lake Ray Hubbard; and

7-63 (B) is located in two counties, one of which has a

7-64 population of less than 110,000;

7-65 (19) a municipality with a population of 110,000 or

7-66 more that:

7-67 (A) borders Clear Lake; and

7-68 (B) is primarily located in a county with a

7-69 population of less than 355,000;

- 8-1 (20) a municipality with a population of less than  
8-2 2,000 that:
- 8-3 (A) is located adjacent to a bay connected to the  
8-4 Gulf of Mexico;
- 8-5 (B) is located in a county with a population of  
8-6 290,000 or more that is adjacent to a county with a population of  
8-7 four million or more; and
- 8-8 (C) has a boardwalk on the bay;
- 8-9 (21) a municipality with a population of 75,000 or  
8-10 more that:
- 8-11 (A) is located wholly in one county with a  
8-12 population of 800,000 or more that is adjacent to a county with a  
8-13 population of four million or more; and
- 8-14 (B) has adopted a capital improvement plan for  
8-15 the construction or expansion of a convention center facility;
- 8-16 (22) a municipality with a population of less than  
8-17 70,000 that is located in three counties, at least one of which has  
8-18 a population of four million or more;
- 8-19 (23) an eligible coastal municipality with a  
8-20 population of 2,900 or more but less than 5,000;
- 8-21 (24) a municipality with a population of 125,000  
8-22 [~~90,000~~] or more but less than 132,000 [~~150,000 that:~~  
8-23 [~~(A) is located in three counties; and~~  
8-24 [~~(B) contains a branch campus of a component~~  
8-25 ~~institution of the University of Houston System~~];
- 8-26 (25) a municipality that is:
- 8-27 (A) primarily located in a county with a  
8-28 population of four million or more; and
- 8-29 (B) connected by a bridge to a municipality  
8-30 described by Subdivision (20);
- 8-31 (26) a municipality with a population of 25,000 or  
8-32 more but less than 30,000 that:
- 8-33 (A) contains a portion of Mustang Bayou; and
- 8-34 (B) is wholly located in a county with a  
8-35 population of less than 500,000;
- 8-36 (27) a municipality with a population of 70,000 or  
8-37 more but less than 90,000 that is located in two counties, one of  
8-38 which has a population of four million or more and the other of  
8-39 which has a population of less than 50,000;
- 8-40 (28) a municipality with a population of 10,000 or  
8-41 more that:
- 8-42 (A) is wholly located in a county with a  
8-43 population of four million or more; and
- 8-44 (B) has a city hall located less than three miles  
8-45 from a space center operated by an agency of the federal government;
- 8-46 (29) a municipality that is the county seat of a  
8-47 county:
- 8-48 (A) through which the Pedernales River flows; and
- 8-49 (B) in which the birthplace of a president of the  
8-50 United States is located;
- 8-51 (30) a municipality that contains a portion of U.S.  
8-52 Highway 79 and State Highway 130;
- 8-53 (31) a municipality with a population of 70,000 or  
8-54 more but less than 115,000 that is located in two counties, one of  
8-55 which has a population of 1.1 million or more but less than 1.9  
8-56 million;
- 8-57 (32) a municipality with a population of less than  
8-58 25,000 that contains a museum of Western American art;
- 8-59 (33) a municipality with a population of 50,000 or  
8-60 more that is the county seat of a county that contains a portion of  
8-61 the Sam Houston National Forest;
- 8-62 (34) a municipality with a population of less than  
8-63 25,000 that:
- 8-64 (A) contains a cultural heritage museum; and
- 8-65 (B) is located in a county that borders the  
8-66 United Mexican States and the Gulf of Mexico;
- 8-67 (35) a municipality that is the county seat of a county  
8-68 that:
- 8-69 (A) has a population of 115,000 or more;

9-1 (B) is adjacent to a county with a population of  
 9-2 2.1 million or more; and  
 9-3 (C) hosts an annual peach festival;  
 9-4 (36) a municipality that is the county seat of a county  
 9-5 that:  
 9-6 (A) has a population of 800,000 or more; and  
 9-7 (B) is adjacent to a county with a population of  
 9-8 four million or more;  
 9-9 (37) a municipality with a population of less than  
 9-10 10,000 that:  
 9-11 (A) contains a component university of The Texas  
 9-12 A&M University System; and  
 9-13 (B) is located in a county adjacent to a county  
 9-14 that borders Oklahoma;  
 9-15 (38) a municipality with a population of less than  
 9-16 17,000 that:  
 9-17 (A) is located in two counties, each of which has  
 9-18 a population of 900,000 or more but less than two million; and  
 9-19 (B) hosts an annual Cajun Festival;  
 9-20 (39) a municipality with a population of 13,000 or  
 9-21 more that:  
 9-22 (A) is located on an international border; and  
 9-23 (B) is located in a county:  
 9-24 (i) with a population of less than 400,000;  
 9-25 and  
 9-26 (ii) in which at least one World Birding  
 9-27 Center site is located;  
 9-28 (40) a municipality with a population of 3,200 or more  
 9-29 that:  
 9-30 (A) is located on an international border; and  
 9-31 (B) is located not more than five miles from a  
 9-32 state historic site that serves as a visitor center for a state park  
 9-33 that contains 300,000 or more acres of land;  
 9-34 (41) a municipality with a population of 36,000 or  
 9-35 more that is adjacent to at least two municipalities described by  
 9-36 Subdivision (15);  
 9-37 (42) a municipality with a population of 28,000 or  
 9-38 more that is located in a county with a population of 240,000 or  
 9-39 more that contains a portion of the Blanco River and in which is  
 9-40 located a historic railroad depot and heritage center;  
 9-41 (43) a municipality located in a county that has a  
 9-42 population of ~~[not] more than 90,000, is adjacent to a bay connected~~  
 9-43 ~~to the Gulf of Mexico, and contains a portion of the Guadalupe River~~  
 9-44 ~~[300,000 and in which a component university of the University of~~  
 9-45 ~~Houston System is located];~~  
 9-46 (44) a municipality with a population of less than  
 9-47 500,000 that is:  
 9-48 (A) located in two counties; and  
 9-49 (B) adjacent to a municipality described by  
 9-50 Subdivision (31);  
 9-51 (45) a municipality that:  
 9-52 (A) has a population of more than 67,000; and  
 9-53 (B) is located in two counties with 90 percent of  
 9-54 the municipality's territory located in a county with a population  
 9-55 of at least 800,000, and the remaining territory located in a county  
 9-56 with a population of at least four million;  
 9-57 (46) a municipality that:  
 9-58 (A) has a population of 100,000 or more; and  
 9-59 (B) is wholly located in, but is not the county  
 9-60 seat of, a county with a population of one million or more:  
 9-61 (i) in which all or part of a municipality  
 9-62 with a population of one million or more is located; and  
 9-63 (ii) that is adjacent to a county with a  
 9-64 population of 2.5 million or more;  
 9-65 (47) a municipality that is the county seat of a county  
 9-66 bordering the Gulf of Mexico and the United Mexican States;  
 9-67 (48) a municipality that is bisected by the Guadalupe  
 9-68 River and is the county seat of a county with a population of  
 9-69 170,000 or more;

- 10-1 (49) a municipality with a population of 70,000 or
- 10-2 more but less than 150,000 that borders Joe Pool Lake;
- 10-3 (50) a municipality with a population of 115,000 or
- 10-4 more that borders the Neches River;
- 10-5 (51) a municipality described by Section 351.101(k);
- 10-6 (52) a municipality that is the county seat of a
- 10-7 county:
- 10-8 (A) through which the Brazos River flows; and
- 10-9 (B) in which a national monument is located;
- 10-10 (53) a municipality with a population of 45,000 or
- 10-11 more that:
- 10-12 (A) is not the county seat of a county;
- 10-13 (B) is located in a single county; and
- 10-14 (C) contains a portion of Lake Lewisville;
- 10-15 (54) a municipality that is the county seat of a county
- 10-16 with a population of more than 900,000 that is adjacent to two
- 10-17 counties, each of which has a population of more than 1.8 million;
- 10-18 (55) a municipality that hosts an annual wine festival
- 10-19 and is located in three counties, each of which has a population of
- 10-20 more than 900,000;
- 10-21 (56) a municipality that has a population of at least
- 10-22 150,000 but less than 1,300,000 and is partially located in a county
- 10-23 that contains a portion of Cedar Creek Reservoir;
- 10-24 (57) a municipality that is located in a county that
- 10-25 contains a portion of Cedar Creek Reservoir and in which a private
- 10-26 college is located;
- 10-27 (58) a municipality that is the county seat of a
- 10-28 county:
- 10-29 (A) with a population of one million or more;
- 10-30 (B) in which all or part of a municipality with a
- 10-31 population of one million or more is located; and
- 10-32 (C) that is located adjacent to a county with a
- 10-33 population of 2.5 million or more;
- 10-34 (59) a municipality that is the county seat of a county
- 10-35 that contains a portion of Cedar Creek Reservoir and borders a
- 10-36 county with a population of more than 240,000;
- 10-37 (60) a municipality with a population of more than
- 10-38 80,000 but less than 150,000 that is located in a county with a
- 10-39 population of more than 369,000 but less than 864,000 that contains
- 10-40 part of an active duty United States Army installation;
- 10-41 (61) a municipality with a population of 750,000 or
- 10-42 more that is located in a county with a population of 1.5 million or
- 10-43 less;
- 10-44 (62) a municipality with a population of less than
- 10-45 7,000 that contains a country music hall of fame;
- 10-46 (63) a municipality with a population of 35,000 or
- 10-47 more that contains a railroad museum and is located in a county
- 10-48 that:
- 10-49 (A) has a population of 800,000 or more; and
- 10-50 (B) is adjacent to a county with a population of
- 10-51 four million or more; ~~and~~
- 10-52 (64) a municipality:
- 10-53 (A) that is the county seat of a county:
- 10-54 (i) with a population of 60,000 or less; and
- 10-55 (ii) that borders the Rio Grande; and
- 10-56 (B) in which is located a United States military
- 10-57 fort listed in the National Register of Historic Places;
- 10-58 (65) a municipality through which the Comal River
- 10-59 flows;
- 10-60 (66) a municipality with a population of 7,000 or more
- 10-61 that contains Lake Marble Falls;
- 10-62 (67) a municipality that:
- 10-63 (A) has a population of more than 130,000 but
- 10-64 less than 1.3 million; and
- 10-65 (B) is located in three counties, each of which
- 10-66 has a population of more than 900,000;
- 10-67 (68) a municipality with a population of 47,000 or
- 10-68 more that:
- 10-69 (A) is located in two counties, one of which has a

11-1 population of 2.1 million or more and one of which has a population  
 11-2 of 179,000 or more; and  
 11-3 (B) is bisected by State Highway 174;  
 11-4 (69) a municipality with a population of more than  
 11-5 240,000 but less than 270,000 that borders a man-made lake that has  
 11-6 a surface area of more than 20,000 acres;  
 11-7 (70) a municipality that is the county seat of a county  
 11-8 that:  
 11-9 (A) has a population of 600,000 or more; and  
 11-10 (B) is adjacent to the county that contains the  
 11-11 State Capitol;  
 11-12 (71) a municipality described by Section  
 11-13 334.0082(a)(2), Local Government Code;  
 11-14 (72) a municipality that:  
 11-15 (A) has a population of 10,000 or more but less  
 11-16 than 75,000;  
 11-17 (B) is located in two counties, one of which is a  
 11-18 county in which the State Capitol is located; and  
 11-19 (C) hosts an annual German festival;  
 11-20 (73) a municipality that:  
 11-21 (A) is located in a county with a population of  
 11-22 600,000 or more that is adjacent to the county that contains the  
 11-23 State Capitol; and  
 11-24 (B) has a population of more than 16,000 but less  
 11-25 than 27,000;  
 11-26 (74) a municipality with a population of more than  
 11-27 16,000 but less than 18,000 that is located in a county with a  
 11-28 population of more than 2.5 million that is adjacent to a county  
 11-29 with a population of more than 2.1 million;  
 11-30 (75) a municipality with a population of more than  
 11-31 285,000 that is wholly located in two counties, each with a  
 11-32 population of more than 900,000; and  
 11-33 (76) a municipality with a population of 15,000 or  
 11-34 more but less than 30,000, that is bisected by United States Highway  
 11-35 75, and that is wholly located in a county:  
 11-36 (A) with a population of 750,000 or more;  
 11-37 (B) in which all or part of a municipality with a  
 11-38 population of one million or more is located; and  
 11-39 (C) that is adjacent to a county with a  
 11-40 population of two million or more.  
 11-41 SECTION 12. Subchapter C, Chapter 351, Tax Code, is amended  
 11-42 by adding Section 351.1535 to read as follows:  
 11-43 Sec. 351.1535. EXCEPTIONS APPLICABLE TO ELIGIBLE BARRIER  
 11-44 ISLAND COASTAL MUNICIPALITY. (a) This section applies only to a  
 11-45 municipality described by Section 351.001(11).  
 11-46 (b) Section 351.151(2)(C) does not apply to a facility:  
 11-47 (1) that otherwise meets the requirements of a  
 11-48 qualified convention center facility under Section 351.151;  
 11-49 (2) for which the nearest qualified hotel is located  
 11-50 near a natural impediment, including open water or protected  
 11-51 wetlands, that makes it impractical for the facility to be located  
 11-52 not more than 1,000 feet from the nearest exterior wall of the  
 11-53 qualified hotel; and  
 11-54 (3) that has an exterior wall that is located not more  
 11-55 than 2,000 feet from the nearest exterior wall of a qualified hotel.  
 11-56 (c) Section 351.151(3)(B) does not apply to a hotel:  
 11-57 (1) that otherwise meets the requirements of a  
 11-58 qualified hotel under Section 351.151;  
 11-59 (2) for which the nearest qualified convention center  
 11-60 facility is located near a natural impediment, including open water  
 11-61 or protected wetlands, that makes it impractical for the hotel to be  
 11-62 located not more than 1,000 feet from the nearest exterior wall of  
 11-63 the qualified convention center facility; and  
 11-64 (3) that has an exterior wall that is located not more  
 11-65 than 2,000 feet from the nearest exterior wall of a qualified  
 11-66 convention center facility.  
 11-67 (d) Notwithstanding Section 351.151(4)(B)(i)(b), a parking  
 11-68 area or structure that otherwise meets the requirements of a  
 11-69 qualified project under Section 351.151 may be located not more

12-1 than 2,000 feet from the nearest property line of a qualified  
12-2 convention center facility or qualified hotel if the facility or  
12-3 hotel is located near a natural impediment, including open water or  
12-4 protected wetlands, that makes it impractical to acquire, lease,  
12-5 construct, repair, remodel, expand, or equip a parking area or  
12-6 structure located not more than 1,000 feet from the facility or  
12-7 hotel.

12-8 (e) Section 351.151(4)(B)(ii)(b) does not apply to  
12-9 infrastructure:

12-10 (1) for which the qualified convention center facility  
12-11 or qualified hotel is located near a natural impediment, including  
12-12 open water or protected wetlands, that makes it impractical to  
12-13 acquire, construct, repair, remodel, or expand infrastructure  
12-14 located not more than 1,000 feet from the facility or hotel; and

12-15 (2) that is located not more than 2,000 feet from the  
12-16 nearest property line of the qualified convention center facility  
12-17 or qualified hotel.

12-18 SECTION 13. Section 351.155, Tax Code, is amended by  
12-19 amending Subsection (c) and adding Subsection (c-1) to read as  
12-20 follows:

12-21 (c) A municipality may pledge or commit revenue under this  
12-22 section for only one qualified project. After a municipality  
12-23 pledges or commits revenue under this section for a qualified  
12-24 project, the municipality may not ever again pledge or commit  
12-25 revenue for a qualified project. This subsection may not be  
12-26 construed to prohibit a municipality from pledging or committing  
12-27 revenue under this section for a qualified project that is  
12-28 authorized by an act of the legislature that becomes law on or after  
12-29 January 1, 2026.

12-30 (c-1) This subsection applies only to a municipality  
12-31 described by Section 351.152(12) that has a population of 130,000  
12-32 or more. Notwithstanding Subsection (c), a municipality to which  
12-33 this subsection applies may pledge or commit revenue under this  
12-34 section for only two qualified projects.

12-35 SECTION 14. Section 351.157, Tax Code, is amended by  
12-36 amending Subsection (b) and adding Subsection (b-1) to read as  
12-37 follows:

12-38 (b) This section applies only to:

- 12-39 (1) a municipality described by Section 351.152(3);
- 12-40 (1-a) a municipality described by Section 351.152(5);
- 12-41 (2) a municipality described by Section 351.152(6);
- 12-42 (3) a municipality described by Section 351.152(7);
- 12-43 (3-a) a municipality described by Section 351.152(9);
- 12-44 (4) a municipality described by Section 351.152(10);
- 12-45 (4-a) a municipality described by Section
- 12-46 351.152(14);
- 12-47 (5) a municipality described by Section 351.152(16);
- 12-48 (6) a municipality described by Section 351.152(22);
- 12-49 (7) a municipality described by Section 351.152(25);
- 12-50 (8) a municipality described by Section 351.152(34);
- 12-51 (9) a municipality described by Section 351.152(35);
- 12-52 (10) a municipality described by Section 351.152(36);
- 12-53 (11) a municipality described by Section 351.152(38);
- 12-54 (11-a) a municipality described by Section
- 12-55 351.152(41);
- 12-56 (12) a municipality described by Section 351.152(43);
- 12-57 (13) a municipality described by Section 351.152(46);
- 12-58 (14) a municipality described by Section 351.152(47);
- 12-59 (15) a municipality described by Section 351.152(49);
- 12-60 (15-a) a municipality described by Section
- 12-61 351.152(51);
- 12-62 (16) a municipality described by Section 351.152(53);
- 12-63 (17) a municipality described by Section 351.152(54);
- 12-64 (18) a municipality described by Section 351.152(56);

12-65 and

- 12-66 (19) a municipality described by Section 351.152(58).

12-67 (b-1) In addition to the municipalities described by  
12-68 Subsection (b), this section applies to a municipality described by  
12-69 Section 351.155(c-1).

13-1 SECTION 15. Section 351.161(a), Tax Code, as added by  
13-2 Chapter 1030 (S.B. 627), Acts of the 88th Legislature, Regular  
13-3 Session, 2023, is amended to read as follows:

13-4 (a) This section applies only to a municipality described by  
13-5 Section 351.152(5) or (75).

13-6 SECTION 16. Section 352.002, Tax Code, is amended by  
13-7 amending Subsection (a) and adding Subsections (gg), (hh), (ii),  
13-8 (jj), and (kk) to read as follows:

13-9 (a) The commissioners courts of the following counties by  
13-10 the adoption of an order or resolution may impose a tax on a person  
13-11 who, under a lease, concession, permit, right of access, license,  
13-12 contract, or agreement, pays for the use or possession or for the  
13-13 right to the use or possession of a room that is in a hotel, costs \$2  
13-14 or more each day, and is ordinarily used for sleeping:

13-15 (1) a county that has a population of more than 3.3  
13-16 million;

13-17 (2) a county that has a population of 90,000 or more,  
13-18 borders the United Mexican States, does not border the Gulf of  
13-19 Mexico, and does not have four or more cities that each have a  
13-20 population of more than 25,000;

13-21 (3) a county in which there is no municipality;

13-22 (4) a county in which there is located an Indian  
13-23 reservation under the jurisdiction of the United States government;

13-24 (5) a county that has a population of 30,000 or less,  
13-25 that has no more than one municipality with a population of less  
13-26 than 2,500, and that borders two counties located wholly in the  
13-27 Edwards Aquifer Authority established by Chapter 626, Acts of the  
13-28 73rd Legislature, Regular Session, 1993;

13-29 (6) a county that borders the Gulf of Mexico, other  
13-30 than a county authorized to impose the tax under Subdivision (30);

13-31 (7) a county that has a population of less than 5,000,  
13-32 that borders the United Mexican States, and in which there is  
13-33 located a major observatory;

13-34 (8) a county that has a population of 12,000 or less  
13-35 and borders the Toledo Bend Reservoir;

13-36 (9) a county that has a population of less than 12,500  
13-37 and an area of less than 275 square miles and does not border a  
13-38 county that borders Arkansas and Louisiana;

13-39 (10) a county that has a population of 30,000 or less  
13-40 and borders Possum Kingdom Lake;

13-41 (11) a county that borders a county with a population  
13-42 of more than 300,000 and the United Mexican States and has a  
13-43 population of more than 300,000 and less than 900,000;

13-44 (12) a county that has a population of 35,000 or more  
13-45 and borders or contains a portion of Lake Fork Reservoir;

13-46 (13) a county that borders the United Mexican States  
13-47 and in which there is located a national recreation area;

13-48 (14) a county that borders the United Mexican States  
13-49 and in which there is located a national park of more than 400,000  
13-50 acres;

13-51 (15) a county that has a population of 28,000 or less,  
13-52 that has no more than four municipalities, and that is located  
13-53 wholly in the Edwards Aquifer Authority established by Chapter 626,  
13-54 Acts of the 73rd Legislature, Regular Session, 1993;

13-55 (16) a county that has a population of 25,000 or less,  
13-56 whose territory is less than 750 square miles, and that has two  
13-57 incorporated municipalities, each with a population of 800 or less,  
13-58 at least one of which is located on the Frio River;

13-59 (17) a county that has a population of 34,000 or more  
13-60 and borders Lake Buchanan;

13-61 (18) a county that has a population of more than 45,000  
13-62 and less than 75,000, that borders the United Mexican States, and  
13-63 that borders or contains a portion of Falcon Lake;

13-64 (19) a county with a population of 22,000 or less that  
13-65 borders the Neches River and in which there is located a national  
13-66 preserve;

13-67 (20) a county that has a population of 28,000 or less  
13-68 and that borders or contains a portion of Lake Livingston;

13-69 (21) a county through which the Pedernales River flows

- 14-1 and in which the birthplace or the childhood home of a president of  
 14-2 the United States is located;
- 14-3 (22) a county that has a population of 35,000 or less  
 14-4 and borders Lake Buchanan;
- 14-5 (23) a county with a population of less than 11,000  
 14-6 that is bordered by the Sulphur River;
- 14-7 (24) a county that has a population of 16,000 or more  
 14-8 and borders the entire north shore of Lake Somerville;
- 14-9 (25) a county that has a population of 20,000 or less  
 14-10 and that is bordered by the Brazos and Navasota Rivers;
- 14-11 (26) a county that has a population of more than 15,000  
 14-12 and less than 25,000 and is located on the Trinity and Navasota  
 14-13 Rivers;
- 14-14 (27) a county that has a population of less than 15,000  
 14-15 and that is bordered by the Trinity and Navasota Rivers;
- 14-16 (28) a county that borders or contains a portion of the  
 14-17 Neches River, the Sabine River, and Sabine Lake; ~~and~~
- 14-18 (29) a county that borders Whitney Lake; and
- 14-19 (30) a county that has a population of more than  
 14-20 90,000, is located adjacent to a bay connected to the Gulf of  
 14-21 Mexico, and contains a portion of the Guadalupe River.
- 14-22 (gg) The commissioners court of a county in which the  
 14-23 headwaters of the Guadalupe River are located may impose a tax as  
 14-24 provided by Subsection (a). A tax imposed under this subsection  
 14-25 does not apply to a hotel located in a municipality that imposes a  
 14-26 tax under Chapter 351 applicable to the hotel.
- 14-27 (hh) The commissioners court of a county in which the  
 14-28 confluence of the Llano River and the James River is located may  
 14-29 impose a tax as provided by Subsection (a). A tax imposed under  
 14-30 this subsection does not apply to a hotel located in a municipality  
 14-31 that imposes a tax under Chapter 351 applicable to the hotel.
- 14-32 (ii) The commissioners court of a county that borders  
 14-33 Oklahoma and is bisected by United States Highway 62 may impose a  
 14-34 tax as provided by Subsection (a). A tax imposed under this  
 14-35 subsection does not apply to a hotel located in a municipality that  
 14-36 imposes a tax under Chapter 351 applicable to the hotel.
- 14-37 (jj) The commissioners court of a county that has a  
 14-38 population of more than 125,000, borders the Red River, and has a  
 14-39 county seat with a population of more than 100,000 may impose a tax  
 14-40 as provided by Subsection (a). This subsection expires September  
 14-41 1, 2030.
- 14-42 (kk) The commissioners court of a county with a population  
 14-43 of less than 100,000 that borders the Navasota River and in which an  
 14-44 annual renaissance festival is held may impose a tax as provided by  
 14-45 Subsection (a).
- 14-46 SECTION 17. Section 352.003, Tax Code, is amended by adding  
 14-47 Subsections (ff), (gg), and (hh) to read as follows:
- 14-48 (ff) The tax rate in a county authorized to impose the tax  
 14-49 under Section 352.002(jj) may not exceed two percent of the price  
 14-50 paid for a room in a hotel. This subsection expires September 1,  
 14-51 2030.
- 14-52 (gg) The tax rate in a county authorized to impose the tax  
 14-53 under Section 352.002(kk) may not exceed seven percent of the price  
 14-54 paid for a room in a hotel, except that the tax rate may not exceed  
 14-55 two percent of the price paid for a room in a hotel if the hotel is  
 14-56 located in:
- 14-57 (1) a municipality that imposes a tax under Chapter  
 14-58 351 applicable to the hotel; or
- 14-59 (2) the extraterritorial jurisdiction of a  
 14-60 municipality that imposes a tax under Section 351.0025 applicable  
 14-61 to the hotel.
- 14-62 (hh) The tax rate in a county authorized to impose the tax  
 14-63 under Section 352.002(a)(30) may not exceed seven percent of the  
 14-64 price paid for a room in a hotel, except that the tax rate may not  
 14-65 exceed two percent of the price paid for a room in a hotel if the  
 14-66 hotel is located in:
- 14-67 (1) a municipality that imposes a tax under Chapter  
 14-68 351 applicable to the hotel; or
- 14-69 (2) the extraterritorial jurisdiction of a

15-1 municipality that imposes a tax under Section 351.0025 applicable  
15-2 to the hotel.

15-3 SECTION 18. Subchapter B, Chapter 352, Tax Code, is amended  
15-4 by adding Section 352.119 to read as follows:

15-5 Sec. 352.119. USE OF REVENUE: CERTAIN COUNTIES BORDERING  
15-6 NAVASOTA RIVER. In addition to the purposes authorized by this  
15-7 chapter, the revenue from a tax imposed under this chapter by a  
15-8 county authorized to impose the tax under Section 352.002(kk) may  
15-9 be used for:

15-10 (1) the construction, enlarging, equipping,  
15-11 improvement, maintenance, repairing, and operation of a civic  
15-12 center with an arena used for rodeos, livestock shows, or  
15-13 agricultural expositions to enhance hotel activity and encourage  
15-14 tourism;

15-15 (2) advertising and conducting solicitations and  
15-16 promotional programs to attract tourists or convention delegates to  
15-17 the county, any of which may be conducted by the county or through a  
15-18 contract with a person or organization selected by the county; and

15-19 (3) encouraging, promoting, and improving historical  
15-20 preservation and restoration efforts.

15-21 SECTION 19. (a) Sections 351.1035 and 351.155(d), Tax  
15-22 Code, are repealed.

15-23 (b) The repeal by this section of Section 351.1035, Tax  
15-24 Code, applies only to revenue collected on or after the effective  
15-25 date of this Act. Revenue collected before the effective date of  
15-26 this Act is governed by the law in effect when the revenue was  
15-27 collected, and the former law is continued in effect for that  
15-28 purpose.

15-29 (c) The repeal by this section of Section 351.155(d), Tax  
15-30 Code, does not affect the validity of a bond, contractual  
15-31 obligation, or other obligation for which revenue was pledged,  
15-32 committed, or authorized by a municipality under Subchapter C,  
15-33 Chapter 351, Tax Code, before the effective date of this Act.  
15-34 Bonds, contractual obligations, or other obligations for which  
15-35 revenue was pledged or committed before that date are governed by  
15-36 the law in effect when the revenue was pledged or committed, and  
15-37 that law is continued in effect for the purposes of the validity of  
15-38 those bonds, contractual obligations, and other obligations.

15-39 SECTION 20. It is the intent of the 89th Legislature,  
15-40 Regular Session, 2025, that the amendments made by this Act be  
15-41 harmonized with another Act of the 89th Legislature, Regular  
15-42 Session, 2025, relating to nonsubstantive additions to and  
15-43 corrections in enacted codes.

15-44 SECTION 21. This Act takes effect immediately if it  
15-45 receives a vote of two-thirds of all the members elected to each  
15-46 house, as provided by Section 39, Article III, Texas Constitution.  
15-47 If this Act does not receive the vote necessary for immediate  
15-48 effect, this Act takes effect September 1, 2025.

15-49 \* \* \* \* \*