

Chapter 267

H.B. No. 1896

1 AN ACT

2 relating to the application of and use of revenue from hotel  
3 occupancy taxes imposed by municipalities and counties.

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

5 SECTION 1. Section 334.001(4), Local Government Code, is  
6 amended to read as follows:

7 (4) "Venue" means:

8 (A) an arena, coliseum, stadium, or other type of  
9 area or facility:

10 (i) that is used or is planned for use for  
11 one or more professional or amateur sports events, community  
12 events, or other sports events, including rodeos, livestock shows,  
13 agricultural expositions, promotional events, and other civic or  
14 charitable events, provided that a facility financed wholly or  
15 partly with revenue from a tax imposed under Subchapter H is not, or  
16 will not be, primarily used for community, civic, and charitable  
17 events that are attended only by residents of the community; and

18 (ii) for which a fee for admission to the  
19 events is charged or is planned to be charged;

20 (B) a convention center, a convention center  
21 facility as defined by Section 351.001(2) or 352.001(2), Tax Code,  
22 or a related improvement such as a civic center hotel, theater,  
23 opera house, music hall, rehearsal hall, park, zoological park,  
24 museum, aquarium, or plaza located in the vicinity of a convention

1 center or facility owned by a municipality or a county, provided  
2 that a related improvement for a facility financed wholly or partly  
3 with revenue from a tax imposed under Subchapter H must be in the  
4 vicinity of the convention center;

5 (C) a tourist development area along an inland  
6 waterway;

7 (D) a municipal parks and recreation system, or  
8 improvements or additions to a parks and recreation system, or an  
9 area or facility that is part of a municipal parks and recreation  
10 system;

11 (E) a project authorized by Section 4A or 4B,  
12 Development Corporation Act of 1979 (Article 5190.6, Vernon's Texas  
13 Civil Statutes), as that Act existed on September 1, 1997; and

14 (F) a watershed protection and preservation  
15 project; a recharge, recharge area, or recharge feature protection  
16 project; a conservation easement; or an open-space preservation  
17 program intended to protect water.

18 SECTION 2. Section 351.001(2), Tax Code, is amended to read  
19 as follows:

20 (2) "Convention center facilities" or "convention  
21 center complex" means facilities that are primarily used to host  
22 conventions and meetings. The term means civic centers, civic  
23 center buildings, auditoriums, exhibition halls, and coliseums  
24 that are owned by the municipality or other governmental entity or  
25 that are managed in whole or part by the municipality. In a  
26 municipality with a population of 1.5 million or more, "convention  
27 center facilities" or "convention center complex" means civic

1 centers, civic center buildings, auditoriums, exhibition halls,  
2 and coliseums that are owned by the municipality or other  
3 governmental entity or that are managed in part by the  
4 municipality, hotels owned by the municipality or a nonprofit  
5 municipally sponsored local government corporation created under  
6 Chapter 431, Transportation Code, within 1,000 feet of a convention  
7 center owned by the municipality, or a historic hotel owned by the  
8 municipality or a nonprofit municipally sponsored local government  
9 corporation created under Chapter 431, Transportation Code, within  
10 one mile of a convention center owned by the municipality. The term  
11 includes parking areas or facilities that are for the parking or  
12 storage of conveyances and that are located at or in the vicinity of  
13 other convention center facilities. The term also includes a hotel  
14 owned by or located on land that is owned by an eligible central  
15 municipality or by a nonprofit corporation acting on behalf of an  
16 eligible central municipality and that is located within 1,000 feet  
17 of a convention center facility owned by the municipality. The term  
18 also includes a hotel that is owned in part by an eligible central  
19 municipality described by Subdivision (7)(D) and that is located  
20 within 1,000 feet of a convention center facility. For purposes of  
21 this subdivision, "meetings" means gatherings of people that  
22 enhance and promote tourism and the convention and hotel industry.

23 SECTION 3. Section 351.007, Tax Code, is amended to read as  
24 follows:

25 Sec. 351.007. PREEXISTING CONTRACTS. (a) If a municipality  
26 increases the rate of the tax authorized by this chapter, the  
27 increased tax rate does not apply to the tax imposed on the use or

1 possession, or the right to the use or possession, of a room under a  
2 contract that was executed before the date the increased rate takes  
3 effect and [~~October 1, 1989,~~] that provides for the payment of the  
4 tax at the rate in effect when the contract was executed, unless the  
5 contract is subject to change or modification by reason of the tax  
6 rate increase.

7 (b) This subsection applies only to a contract that provides  
8 for the payment of one or more taxes imposed on the use or  
9 possession, or the right to the use or possession, of a room that is  
10 in a hotel, including a tax authorized by Chapter 156 or 352 of this  
11 code or by Subchapter H, Chapter 334, Local Government Code. If a  
12 municipality adopts an ordinance imposing a tax under this chapter  
13 that is not imposed at any rate before the effective date of the tax  
14 prescribed by the ordinance, the imposition of the tax does not  
15 apply to the use or possession, or the right to the use or  
16 possession, of a room under a contract executed before the date the  
17 imposition of the tax takes effect, unless the contract is subject  
18 to change or modification by reason of the imposition of the new  
19 tax.

20 (c) The tax rate applicable to the use or possession, or the  
21 right to the use or possession, of a room under a ~~the~~ contract  
22 described by Subsection (a) is the rate in effect when the contract  
23 was executed. Notwithstanding Section 351.002(a), no tax is imposed  
24 under this chapter on the use or possession, or the right to the use  
25 or possession, of a room under a contract described by Subsection  
26 (b).

27 SECTION 4. Section 351.101(a), Tax Code, as amended by

1 Chapters 666 (H.B. 3772) and 979 (H.B. 3615), Acts of the 84th  
2 Legislature, Regular Session, 2015, is reenacted and amended to  
3 read as follows:

4 (a) Revenue from the municipal hotel occupancy tax may be  
5 used only to promote tourism and the convention and hotel industry,  
6 and that use is limited to the following:

7 (1) the acquisition of sites for and the construction,  
8 improvement, enlarging, equipping, repairing, operation, and  
9 maintenance of convention center facilities or visitor information  
10 centers, or both;

11 (2) the furnishing of facilities, personnel, and  
12 materials for the registration of convention delegates or  
13 registrants;

14 (3) advertising and conducting solicitations and  
15 promotional programs to attract tourists and convention delegates  
16 or registrants to the municipality or its vicinity;

17 (4) the encouragement, promotion, improvement, and  
18 application of the arts, including instrumental and vocal music,  
19 dance, drama, folk art, creative writing, architecture, design and  
20 allied fields, painting, sculpture, photography, graphic and craft  
21 arts, motion pictures, radio, television, tape and sound recording,  
22 and other arts related to the presentation, performance, execution,  
23 and exhibition of these major art forms;

24 (5) historical restoration and preservation projects  
25 or activities or advertising and conducting solicitations and  
26 promotional programs to encourage tourists and convention  
27 delegates to visit preserved historic sites or museums:

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

3 (B) located elsewhere in the municipality or its  
4 vicinity that would be frequented by tourists and convention  
5 delegates;

6 (6) for a municipality located in a county with a  
7 population of one million or less, expenses, including promotion  
8 expenses, directly related to a sporting event in which the  
9 majority of participants are tourists who substantially increase  
10 economic activity at hotels and motels within the municipality or  
11 its vicinity;

12 (7) subject to Section 351.1076, the promotion of  
13 tourism by the enhancement and upgrading of existing sports  
14 facilities or fields [~~including facilities or fields for baseball,~~  
15 ~~softball, soccer, flag football, and rodeos,~~] if:

16 (A) the municipality owns the facilities or  
17 fields;

18 (B) the municipality:

19 (i) has a population of 80,000 or more and  
20 is located in a county that has a population of 350,000 or less;

21 (ii) has a population of at least 75,000 but  
22 not more than 95,000 and is located in a county that has a  
23 population of less than 200,000 but more than 160,000;

24 (iii) has a population of at least 36,000  
25 but not more than 39,000 and is located in a county that has a  
26 population of 100,000 or less that is not adjacent to a county with  
27 a population of more than two million;

1 (iv) has a population of at least 13,000 but  
2 less than 39,000 and is located in a county that has a population of  
3 at least 200,000;

4 (v) has a population of at least 70,000 but  
5 less than 90,000 and no part of which is located in a county with a  
6 population greater than 150,000;

7 (vi) is located in a county that:

8 (a) is adjacent to the Texas-Mexico  
9 border;

10 (b) has a population of at least  
11 500,000; and

12 (c) does not have a municipality with  
13 a population greater than 500,000;

14 (vii) has a population of at least 25,000  
15 but not more than 26,000 and is located in a county that has a  
16 population of 90,000 or less;

17 (viii) [~~(ix)~~] is located in a county that  
18 has a population of not more than 300,000 and in which a component  
19 university of the University of Houston System is located; or

20 (ix) [~~(x)~~] has a population of at least  
21 40,000 and the San Marcos River flows through the municipality; and

22 (C) the sports facilities and fields have been  
23 used, in the preceding calendar year, a combined total of more than  
24 10 times for district, state, regional, or national sports  
25 tournaments;

26 (8) for a municipality with a population of at least  
27 70,000 but less than 90,000, no part of which is located in a county

1 with a population greater than 150,000, the construction,  
2 improvement, enlarging, equipping, repairing, operation, and  
3 maintenance of a coliseum or multiuse facility;

4 (9) signage directing the public to sights and  
5 attractions that are visited frequently by hotel guests in the  
6 municipality;

7 (10) the construction, improvement, enlarging,  
8 equipping, repairing, operation, and maintenance of a coliseum or  
9 multiuse facility, if the municipality:

10 (A) has a population of at least 90,000 but less  
11 than 120,000; and

12 (B) is located in two counties, at least one of  
13 which contains the headwaters of the San Gabriel River; and

14 (11) for a municipality with a population of more than  
15 175,000 but less than 225,000 that is located in two counties, each  
16 of which has a population of less than 200,000, the construction,  
17 improvement, enlarging, equipping, repairing, operation, and  
18 maintenance of a coliseum or multiuse facility and related  
19 infrastructure or a venue, as defined by Section 334.001(4), Local  
20 Government Code, that is related to the promotion of tourism.

21 SECTION 5. Section 352.0031, Tax Code, is amended to read as  
22 follows:

23 Sec. 352.0031. PREEXISTING CONTRACTS. (a) If a county  
24 increases the rate of the tax authorized by this chapter, the  
25 increased tax rate does not apply to the tax imposed on the use or  
26 possession, or the right to the use or possession, of a room under a  
27 contract that was executed before the date the increased rate takes



1 effect and [~~October 1, 1989,~~] that provides for the payment of the  
2 tax at the rate in effect when the contract was executed, unless the  
3 contract is subject to change or modification by reason of the tax  
4 rate increase.

5 (b) This subsection applies only to a contract that provides  
6 for the payment of one or more taxes imposed on the use or  
7 possession, or the right to the use or possession, of a room that is  
8 in a hotel, including a tax authorized by Chapter 156 or 351 of this  
9 code or by Subchapter H, Chapter 334, Local Government Code. If the  
10 commissioners court of a county adopts an order or resolution  
11 imposing a tax under this chapter as authorized by Section 352.002  
12 and the tax was not imposed at any rate before the effective date of  
13 the tax prescribed by the order or resolution, the imposition of the  
14 tax does not apply to the use or possession, or the right to the use  
15 or possession, of a room under a contract executed before the date  
16 the imposition of the tax takes effect, unless the contract is  
17 subject to change or modification by reason of the imposition of the  
18 new tax.

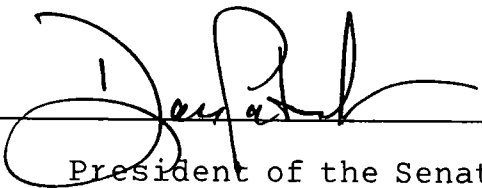
19 (c) The tax rate applicable to the use or possession, or the  
20 right to the use or possession, of a room under a ~~the~~ contract  
21 described by Subsection (a) is the rate in effect when the contract  
22 was executed. Notwithstanding Section 352.002, no tax is imposed  
23 under this chapter on the use or possession, or the right to the use  
24 or possession, of a room under a contract described by Subsection  
25 (b).

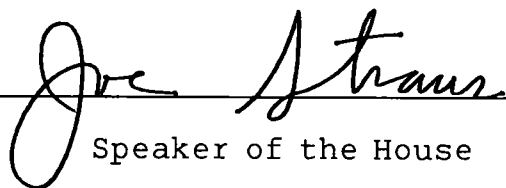
26 SECTION 6. To the extent of any conflict, this Act prevails  
27 over another Act of the 85th Legislature, Regular Session, 2017,

H.B. No. 1896

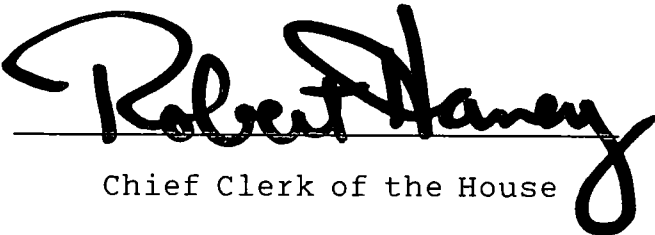
1 relating to nonsubstantive additions to and corrections in enacted  
2 codes.

3 SECTION 7. This Act takes effect September 1, 2017.

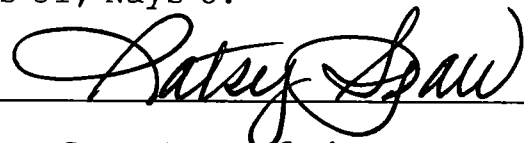
  
\_\_\_\_\_  
President of the Senate

H.B. No. 1896  
  
\_\_\_\_\_  
Speaker of the House

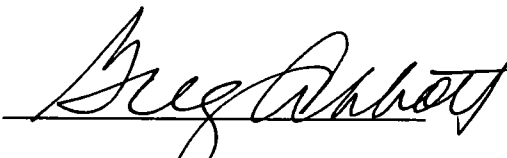
I certify that H.B. No. 1896 was passed by the House on April 20, 2017, by the following vote: Yeas 142, Nays 2, 2 present, not voting.

  
\_\_\_\_\_  
Chief Clerk of the House

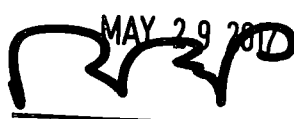
I certify that H.B. No. 1896 was passed by the Senate on May 19, 2017, by the following vote: Yeas 31, Nays 0.

  
\_\_\_\_\_  
Secretary of the Senate

APPROVED: 5-29-2017  
Date

  
\_\_\_\_\_  
Governor

FILED IN THE OFFICE OF THE  
SECRETARY OF STATE  
8:00 PM O'CLOCK

MAY 29 2017  
  
\_\_\_\_\_  
Secretary of State

**LEGISLATIVE BUDGET BOARD  
Austin, Texas**

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**May 8, 2017**

**TO:** Honorable Craig Estes, Chair, Senate Committee on Natural Resources & Economic Development

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB1896** by Bohac (Relating to the application of and use of revenue from hotel occupancy taxes imposed by municipalities and counties.), **As Engrossed**

**No fiscal implication to the State is anticipated.**

**Local Government Impact**

The bill would amend the Local Government Code and Tax Code relating to use of revenue from hotel occupancy taxes imposed by municipalities and counties, and the rate of such taxes applicable to certain contracts for the use of hotel rooms.

The bill would amend Chapter 334 of the Local Government Code, regarding sports and community venues, to provide that a facility financed wholly or partly by a hotel tax imposed under the chapter may not be primarily used for events attended only by residents of the community. The definition of a venue that is a convention center, convention center facility or related improvements such as a civic center hotel would be revised to require that a related improvement for a facility financed wholly or partly with hotel occupancy taxes must be in the vicinity of the convention center.

The bill would amend subdivision (2) of Section 351.001 of the Tax Code, regarding municipal hotel occupancy taxes, to add to the definition for convention hotel facilities that for purposes of the subdivision the term "meetings" means gatherings of people that enhance and promote tourism and the convention and hotel industry. The bill would amend provisions for the use of municipal hotel occupancy tax revenue.

The bill would amend Chapters 351 and 352 (county hotel occupancy taxes) of the Tax Code, regarding preexisting contracts, to add a provision for a contract that provides for payment of one or both of these taxes for a hotel room. If a municipality or county imposes a hotel tax or changes the tax rate, that change would not apply to a contract executed before the date the hotel tax rate change became effective unless the contract is subject to such changes.

The bill would take effect September 1, 2017.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** UP, SZ, KK, SD



**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**March 28, 2017**

**TO:** Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB1896** by Bohac (Relating to the application of and use of revenue from hotel occupancy taxes imposed by municipalities and counties.), **As Introduced**

<b>No fiscal implication to the State is anticipated.</b>
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**Local Government Impact**

The bill would amend the Local Government Code and Tax Code relating to use of revenue from hotel occupancy taxes imposed by municipalities and counties, and the rate of such taxes applicable to certain contracts for the use of hotel rooms.

The bill would amend Chapter 334 of the Local Government Code, regarding sports and community venues, to provide that a facility financed wholly or partly by a hotel tax imposed under the chapter may not be primarily used for events attended only by residents of the community. The definition of a venue that is a convention center, convention center facility or related improvements such as a civic center hotel would be revised to require that a related improvement for a facility financed wholly or partly with hotel occupancy taxes must be in the vicinity of the convention center.

The bill would amend subdivision (2) of Section 351.001 of the Tax Code, regarding municipal hotel occupancy taxes, to add to the definition for convention hotel facilities that for purposes of the subdivision the term "meetings" means gatherings of people that enhance and promote tourism and the convention and hotel industry. The bill would amend provisions for the use of municipal hotel occupancy tax revenue.

The bill would amend Chapters 351 and 352 (county hotel occupancy taxes) of the Tax Code, regarding preexisting contracts, to add a provision for a contract that provides for payment of one or both of these taxes for a hotel room. If a municipality or county imposes a hotel tax or changes the tax rate, that change would not apply to a contract executed before the date the hotel tax rate change became effective unless the contract is subject to such changes.

The bill would take effect September 1, 2017.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** UP, KK, SD