

From: Rick Schroder
Sent: Tuesday, May 9, 2023 1:09 PM
To: 'Aaron Humphrey'; Elizabeth Elleson <cityattorney@johnsoncitytx.org>
Cc: Whitney Walston <wwalston@johnsoncitytx.org>; Johnson City Chamber of Commerce <info@johnsoncitytexaschamber.com>
Subject: RE: Visitor Center HOT Funds

Aaron / City Attorney –

Attached, please find the first rendition of an amended HOT / Visitor Center Agreement for review. Essentially, the Agreement is the same as the prior one, but it eliminates everything from the Agreement except the operation of the Visitor Center.

Please review and advise.

Best,



Rick A. Schroder
 Chief Administrative Officer
 303 E. Pecan Dr. (Physical) | P.O. Box 369 (Mailing) | Johnson City, Texas 78636
 (830) 868-7111, Ext. 8 | (830) 868-7718 (Fax) | www.johnsoncitytx.org
Yesterday is not ours to recover, but tomorrow is ours to win or lose. – President LBJ

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From: Rick Schroder
Sent: Tuesday, April 25, 2023 2:32 PM
To: Aaron Humphrey
Cc: Whitney Walston <wwalston@johnsoncitytx.org>
Subject: RE: Visitor Center HOT Funds

Aaron -

The next step is for me to revise the current contract and send to you and our City Attorney eliminating everything except visitor center operations. I hope to do that tomorrow.

The next step also includes information needed from you:

1. A job description for the Visitor Center Manager (I assume this is the Chamber's Executive Director);
2. A job description for the Visitor Center staff members (part-time); and
3. As discussed during the Council meeting, a revised budget identifying what, specifically, each line item is for:

Please remember that State Law allows HOT funds to be used for a Visitor Information Center. (Tax Code § 351.101(a)(1).) This includes funds for administrative costs; however, these administrative costs only should include expenses “for day-to-day operations, supplies, salaries, office rental, travel expenses, and other administrative costs incurred directly in the promotion and servicing expenditures authorized under Section 351.101(a).” (Tax Code § 351.101(e).)

It appeared during the last City Council meeting that the Chamber’s proposed budget includes funding for items which are not HOT activities (e.g., business registration fees; outside contract services). It includes money for activities and related items which the Chamber will no longer be performing (e.g., outside contract services; postage) because of the new marketing contract with Deep Roots. In addition, the proposed budget does not indicate what portion is the Chamber’s share (e.g., salary for the Director whose duties include Chamber work; rent and property insurance for the building in which Chamber activities are conducted).

Best,



Rick A. Schroder
Chief Administrative Officer
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From: Aaron Humphrey
Sent: Monday, April 24, 2023 2:54 PM
To: Rick Schroder <rschroder@johnsoncitytx.org>
Cc: Whitney Walston <wwalston@johnsoncitytx.org>
Subject: Visitor Center HOT Funds

Hi Rick,

I’m not sure if you responded to my previous email, but either way I will be using this email address moving forward. When you get the chance please let me know the next steps moving forward regarding the HOT funds for the Visitor Center.

Thank you,

Aaron Humphrey

**VISITOR INFORMATION CENTER SERVICES AGREEMENT AND
HOTEL OCCUPANCY TAX FUNDING AGREEMENT
between the City of Johnson City, Texas and
the Johnson City Chamber of Commerce**

This Visitor Information Center Services Agreement and Hotel Occupancy Tax Funding Agreement ("Agreement") is entered into by and between the City of Johnson City, Texas ("City") and the Johnson City Chamber of Commerce ("Chamber"), collectively the "Parties" or individually "Party", as follows:

RECITALS

WHEREAS, the City assesses and collects a hotel occupancy tax ("HOT") on occupants of hotels within the City limits and its extraterritorial jurisdiction for the purpose of the promotion of tourism and the convention and hotel industry as provided in Texas Tax Code Section 351.101(a); and

WHEREAS, Section 351.101(a) authorizes the use of HOT funds by the City for the operation of a visitor information center ("Center"); and

WHEREAS, Section 351.101(c) permits the City to delegate the management or supervision of the Center to a private organization and to enter into a contract for budget approval and financial reporting and accountability for the HOT fund expenditures; and

WHEREAS, the City and the Chamber desire to enter into a contractual agreement for the management and operation of the Center by the Chamber for the time period as prescribed herein.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Parties agree as follows:

1. **Recitals.** The foregoing recitals are adopted as facts and are incorporated fully herein.
2. **Agreement.** The City offers and delegates to the Chamber operation and management of the Center. In consideration of HOT funds provided by the City to the Chamber, the Chamber accepts and agrees to provide services to operate and manage the Center in accordance with the terms and conditions of this Agreement.
3. **Definitions.** For this Agreement, the following terms are defined as follows:

HOT budget is the annual budget submitted by the Chamber listing the items and estimated cost for each necessary for operation of the Center. As required by Section 351.101(c), the budget shall be submitted prior to approval of this Agreement initially, and on subsequent renewal. Approval by the City Council shall be in writing as required by the statutory section.

Qualifying HOT expenses shall be those expenses spent specifically on management and operation of the Center including day-to-day operations, supplies, salaries, office rental, travel expenses, and other administrative costs only if those administrative costs are incurred directly in the promotion and operation of the Center. If a HOT activity is conducted along with a non-HOT activity, only that portion which is HOT related qualifies as a HOT expense.

4. **Scope of Services.** The Chamber shall provide the following services for operation of the Center:
 - (a) Maintain a schedule for public operation and access to the Center on reasonable dates and times, as agreed to by the Parties;
 - (b) Distribute as promotional pieces at the Center pamphlets, handouts, and maps, provided by the City and based on the City's advertising, marketing, and solicitation campaign; and
 - (c) Establish and maintain a year-round internet wireless network (wi-fi) at the Center to assist tourists.
5. **Annual Budget.** On or about August 1st of the City's fiscal year, the Chamber shall submit for review by the City Council an annual budget with estimated HOT expenditures for the upcoming fiscal year. The budget shall be effective for the following fiscal year upon approval in writing by the City Council. The approved budget shall be attached to this Agreement as Attachment 1, and to be incorporated fully herein.
6. **Total Compensation.** The total amount to be remitted to the Chamber for services during the term of this Agreement shall be up to, and not to exceed, the total amount budgeted and approved in the annual HOT Budget. Regardless of the approved budget amount, the annual contract amount issued as compensation shall not exceed the total HOT revenue collected each fiscal year by the City. At no time shall the City's general revenue fund be used for HOT reimbursement payment.
7. **Payment for Services.** HOT funds by the City to the Chamber shall be issued as reimbursement on a quarterly basis as follows:
 - (a) The Chamber shall submit in its request for reimbursement a detailed quarterly report as outlined in Section 9 of this Agreement.
 - (b) Upon receipt of the quarterly report, the City shall remit a quarterly payment not to exceed one quarter of the annual budgeted amount, and not to exceed the City's HOT revenue collected for that quarter. Expense overages or underreported amounts shall be carried over to the subsequent quarter and applied appropriately.
 - (c) Payment shall issue within thirty (30) days following the first of each calendar quarter in January, April, July, and October.

8. **Annual Reconciliation of Payments.** At the end of the City's fiscal year, the City shall conduct a reconciliation of the quarterly payments against qualifying HOT expenditures. Expenditures found to be non-HOT related shall be discounted and shall be reimbursed by the Chamber to the City within sixty (60) calendar days following the City's fiscal year end.

9. **Fiduciary Duty: Management of Funds.** The Chamber acknowledges that pursuant to Section 351.101(c), as amended, it bears a fiduciary duty with respect to the HOT revenue received from the City. Accordingly, the Chamber shall conduct the following financial activities:

(a) **Quarterly Reports.** The Chamber shall submit a quarterly report to the City listing its qualifying HOT expenditures during that quarter, and those associated services and activities performed which relate to those expenditures. The report shall describe how the service or activity furthered the HOT objective of promoting tourism and the convention and hotel industry. Supporting documentation of each expenditure (e.g., sales receipts, invoices) shall be included in the report. Quarterly reports shall be due to the City on April 30th, July 31st, October 31st, and January 31st.

(b) **Annual Report.** The Chamber shall maintain accurate and separate financial records of the receipt and expenditure of the HOT funds. The Chamber shall submit to the City an annual report from a third-party reviewer accounting for the expenditure of the HOT funds for each fiscal year (October – September). The report shall be provided to the City by December 31st of each year. **REQUIRE ANNUAL AUDIT???**

(c) **Separate Accounts.** The Chamber shall maintain HOT funds received from the City in a separate financial account established for that purpose. The Chamber may not commingle that revenue with any other money.

(d) **Document Review.** Upon request by the City Council, the Chamber shall make available for inspection and review the Chamber's records on the receipt and expenditure of HOT funds.

Commented [L1]:
Commented [L2]: Is this an audit?

10. Term; Termination.

(a) **Term.** This Agreement shall be effective on April 1, 2023 and shall end on September 30th thereafter, unless terminated as provided for herein.

(b) **Renewal.** This Agreement shall automatically renew for one (1) additional year on October 1st of the City and the Chamber's fiscal year only upon approval of the Chamber's fiscal year budget. In the event the City Council disapproves the Chamber's fiscal year budget, this Agreement shall terminate on September 30th of the current fiscal year.

(c) **Default.** This Agreement may be terminated for failure by either Party to cure a default within thirty (30) calendar days of notice of the default from the other Party. Default shall consist of a breach of any term of this Agreement.

(d) **Termination.** This Agreement may be terminated by either Party for cause upon a thirty-day written notice to the other. For the City, termination for cause includes, but is not limited to, unlawful behavior or misconduct regarding HOT activities involving the Chamber or participants; misappropriation of HOT funds by the Chamber or individual member; failure, refusal, or neglect by the Chamber to perform the services under and in accordance with this Agreement; natural disaster or other Act of God impacting the City; or insufficient HOT revenue collection or under-collection of budgeted HOT revenue in the fiscal year. In the event of termination, the City shall compensate the Chamber only from available HOT revenue for qualifying expenses incurred up to the date of termination.

11. **Insurance.** Chamber, at its sole cost and expense, shall be responsible for Worker's Compensation, Fire, and Casualty Insurance on property used for the Center in or about the leased premises. Chamber, at its sole cost and expense, shall be responsible for Public Liability and Property Damage Insurance with respective limits of \$2,000,000 aggregate and \$1,000,000 per occurrence. All insurance policies required by Chamber shall be issued by insurance companies certified to do business by the State of Texas and shall include both Chamber and City as parties insured. Certificates of insurance shall be delivered to City within ten (10) days after the Execution Date. All policies must provide for twenty (20) days written notice to City prior to cancellation or any changes in coverage.

12. INDEMNIFICATION.

(A) CHAMBER AGREES TO INDEMNIFY AND HOLD CITY HARMLESS FOR ANY AND ALL LOSS, DAMAGE, AND EXPENSE OCCASIONED BY OR ARISING OUT OF CLAIMS FOR INJURY TO PERSONS OR DAMAGE TO PROPERTY IN, UPON, OR ABOUT THE LEASED PREMISES CAUSED BY OR CONTRIBUTED TO BY THE WILLFUL OR NEGLIGENT ACTS OR OMISSIONS OF CHAMBER OR OF ANY PERSON ACTING ON CHAMBER'S BEHALF, AND TO DEFEND ON BEHALF OF CITY ANY SUIT BROUGHT AGAINST CITY FOR ANY SUCH LOSS OR INJURY AS A RESULT OF HOT ACTIVITIES PERFORMED BY THE CHAMBER.

(b) **Waiver of Subrogation.** Chamber and City each waive any and all right to recover, claim, action, or cause of action against the other, its agents, directors, officers, or employees, for any loss or damage to the premises, or any improvements thereto, or the building, or any personal property therein, by reason of fire, the elements, or any other cause which could be insured against under the terms of their policies, regardless of cause or origin, including negligence of the other Party, its agents, directors, officers, or employees, and covenants that no insurer shall hold any right of subrogation against such other party. All insurance policies shall include a subrogative endorsement.

(c) **Nothing contained in this Agreement shall be construed as a waiver of or relinquishment of governmental or sovereign immunity by the City. The indemnity provided herein shall survive termination and/or expiration of this Agreement.**

- 13. Independent Contractor.** The Chamber is an independent contractor and shall not be considered an employee, agent, or officer of the City. The City will not provide fringe benefits, including health insurance benefits, paid vacation, or any other employee benefit, including worker's compensation insurance, for the benefit of the Chamber. The City shall not be responsible for the day-to-day supervision of the Chamber, its officers, agents, or employees. This Agreement does not, nor is it intended to, create any partnership or joint venture between the Parties.
- 14. Notice.** A notice, authorization, or request in connection with this Agreement shall be in writing and deemed given (i) three days after being deposited in the U.S. mail, postage prepaid, certified or registered, return receipt requested; or (ii) one day after being sent by overnight courier, charges prepaid; and addressed to the other Party.
- 15. No Assignment.** This Agreement may not be assigned or delegated without the prior written consent of the other Party. Any attempted assignment of benefits or rights or delegation of duties or obligations shall be a breach of this Agreement.
- 16. Controlling Law; Venue.** This Agreement shall be governed by the laws of the State of Texas. Venue for any legal disputes shall be in Blanco County. In the event of litigation, each Party shall be responsible for his own legal costs and fees.
- 17. Severability.** The provisions of this Agreement are severable. If a court of competent jurisdiction finds that any provision of this Agreement is unenforceable, the remaining provisions will remain in effect without the unenforceable parts.
- 18. Amendments.** This Agreement may be amended only in writing signed by the parties and subject to approval by the City Council.
- 19. Entire Agreement.** This Agreement, together with its Attachments, constitutes the final and entire Agreement between the Parties and contains all the terms and conditions agreed upon and shall supersede any and all prior written and oral agreements between the Parties.
- 20. Counterparts.** If this Agreement is executed in multiple counterparts, all counterparts taken together will constitute this Agreement.

Remainder of page intentionally left blank.

Signature Page[s] follow.

ATTACHMENT 1

**Johnson City Chamber of Commerce
Budget for Hotel Occupancy Tax Funds
for
Fiscal Year 2023 Ending September 30, 2023**

Approved by the City Council of the City of Johnson City

Date: _____

By: Birdwell
(Anderson)

S.B. No. 1420

Substitute the following for S.B. No. 1420:

By: Shine

C.S.S.B. No. 1420

A BILL TO BE ENTITLED

1

AN ACT

2 relating to municipal and county hotel occupancy taxes.

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

4 SECTION 1. Sections 351.001(2), (6), (8), and (10), Tax
5 Code, are amended to read as follows:

6 (2) "Convention center facilities" or "convention
7 center complex" means facilities that are primarily used to host
8 conventions and meetings. The term means civic centers, civic
9 center buildings, auditoriums, exhibition halls, and coliseums
10 that are owned by the municipality or other governmental entity or
11 that are managed in whole or part by the municipality. In a
12 municipality with a population of 1.5 million or more, "convention
13 center facilities" or "convention center complex" means civic
14 centers, civic center buildings, auditoriums, exhibition halls,
15 and coliseums that are owned by the municipality or other
16 governmental entity or that are managed in part by the
17 municipality, hotels owned by the municipality or a nonprofit
18 municipally sponsored local government corporation created under
19 Chapter 431, Transportation Code, within 1,000 feet of a convention
20 center owned by the municipality, or a historic hotel owned by the
21 municipality or a nonprofit municipally sponsored local government
22 corporation created under Chapter 431, Transportation Code, within
23 one mile of a convention center owned by the municipality. The term
24 includes parking areas or facilities that are for the parking or

1 storage of conveyances and that are located at or within 1,500 feet
2 of the [~~in the vicinity of other~~] convention center facilities. The
3 term also includes a hotel owned by or located on land that is owned
4 by an eligible central municipality or by a nonprofit corporation
5 acting on behalf of an eligible central municipality and that is
6 located within 1,000 feet of a convention center facility owned by
7 the municipality. The term also includes a hotel that is owned in
8 part by an eligible central municipality described by Subdivision
9 (7)(D) and that is located within 1,000 feet of a convention center
10 facility. For purposes of this subdivision, "meetings" means
11 gatherings [~~of people~~] that:

12 (A) are attended by:

13 (i) tourists; or

14 (ii) individuals who spend the night at a
15 hotel or attend a meeting at a hotel; and

16 (B) enhance and promote tourism and the
17 convention and hotel industry.

18 (6) "Tourist" means an individual who travels from the
19 individual's residence to a different municipality, county, state,
20 or country for business, pleasure, recreation, education, or
21 culture.

22 (8) "Visitor information center" or "tourism
23 information center" means a building or a portion of a building that
24 is primarily used to distribute or disseminate information to
25 tourists.

26 (10) "Multiuse facility" means a facility at which the
27 majority of events attract tourists who substantially increase

1 economic activity at hotels in the municipality in which the
2 facility is located. ["Revenue" includes any interest derived from
3 ~~the revenue.]~~

4 SECTION 2. Section 351.009, Tax Code, is amended to read as
5 follows:

6 Sec. 351.009. ANNUAL REPORT TO COMPTROLLER. (a) Not
7 later than March 1 [~~February 20~~] of each year, a municipality that
8 imposes the tax authorized by this chapter shall report to the
9 comptroller:

10 (1) the rate of:

11 (A) the tax imposed by the municipality under
12 this chapter; and

13 (B) if applicable, the tax imposed by the
14 municipality under Subchapter H, Chapter 334, Local Government
15 Code;

16 (2) the amount of revenue collected during the
17 municipality's preceding fiscal year from:

18 (A) the tax imposed by the municipality under
19 this chapter; and

20 (B) if applicable, the tax imposed by the
21 municipality under Subchapter H, Chapter 334, Local Government
22 Code; [~~and~~]

23 (3) the amount and percentage of the revenue described
24 by Subdivision (2)(A) allocated by the municipality to each use
25 authorized by this chapter for which the municipality used the
26 revenue [~~described by Sections 351.101(a)(1), (2), (3), (4), (5),~~
27 ~~and (9)] during the municipality's preceding fiscal year, stated~~

1 separately as an amount and percentage for each applicable use; and
2 (4) the total amount of any revenue described by
3 Subdivision (2)(A) collected in any preceding fiscal year of the
4 municipality that has not yet been spent by the municipality and the
5 amount of that unexpended revenue, if any, that remains in the
6 municipality's possession in the fiscal year in which the report is
7 due [of those subdivisions].

8 (b) The municipality must make the report required by this
9 section by[+]

10 [~~1~~] submitting the report to the comptroller on a
11 form prescribed by the comptroller[~~, or~~

12 [~~2~~] ~~providing the comptroller a direct link to, or a~~
13 ~~clear statement describing the location of, the information~~
14 ~~required to be reported that is posted on the Internet website of~~
15 ~~the municipality].~~

16 (c) The [~~Subject to Subsection (b)(2), the~~] comptroller
17 shall prescribe the form a municipality must use for the report
18 required to be submitted under this section.

19 (d) A municipality that is required to make a report to the
20 comptroller under this section may use a portion of the revenue
21 described by Subsection (a)(2)(A) for the costs incurred by the
22 municipality in making and submitting the report. The amount of
23 revenue a municipality may use each year for the purpose authorized
24 by this subsection may not exceed:

25 (1) \$1,000 if the municipality has a population of
26 less than 10,000; or

27 (2) \$2,500 if the municipality has a population of

1 10,000 or more.

2 (e) The comptroller may adopt rules necessary to administer
3 this section.

4 SECTION 3. Section 351.101, Tax Code, is amended by adding
5 Subsection (f-1) to read as follows:

6 (f-1) A municipality may not use municipal hotel occupancy
7 tax revenue for a visitor information center under Subsection
8 (a)(1) to acquire a site for, construct, improve, enlarge, equip,
9 repair, staff, operate, or maintain any part of a building or
10 facility that is not primarily used to distribute or disseminate
11 tourism-related information to tourists.

12 SECTION 4. Section 351.1021(a)(3), Tax Code, is amended to
13 read as follows:

14 (3) "Multipurpose convention center facility project"
15 means a project that consists of a hotel owned by an eligible
16 municipality or another person and a multipurpose convention center
17 facility, the nearest exterior wall of which is located not more
18 than 2,500 feet from the nearest exterior wall of the hotel. A
19 multipurpose convention center facility project may include:

20 (A) each new or existing business located in the
21 municipality, regardless of who owns the business or the property
22 on which the business is located, the nearest exterior wall of which
23 is located not more than 2,500 feet from the nearest exterior wall
24 of the multipurpose convention center facility or the hotel that is
25 part of the project;

26 (B) a parking shuttle or transportation system
27 used primarily by tourists; and

1 (C) any parking area or structure located in the
2 municipality, regardless of who owns the area or structure or the
3 property on which the area or structure is located, the nearest
4 property line of which is located not more than two miles from the
5 nearest exterior wall of the multipurpose convention center
6 facility.

7 SECTION 5. Sections 351.103(a), (b), and (c), Tax Code, are
8 amended to read as follows:

9 (a) A municipality ~~[At least 50 percent of the hotel~~
10 ~~occupancy tax revenue collected by a municipality with a population~~
11 ~~of 200,000 or greater must be allocated for the purposes provided by~~
12 ~~Section 351.101(a)(3). For municipalities]~~ with a population of
13 less than 200,000 shall allocate~~[, allocations]~~ for the purposes
14 provided by Section 351.101(a)(3) an amount of hotel occupancy tax
15 revenue collected by the municipality that is ~~[are as follows].~~

16 ~~[(1) if the tax rate in a municipality is not more than~~
17 ~~three percent of the cost paid for a room, not less than the amount~~
18 ~~of revenue received by the municipality from the tax at a rate of~~
19 ~~one-half of one percent of the cost of the room, or~~

20 ~~[(2) if the tax in a municipality exceeds three~~
21 ~~percent of the cost of a room,]~~ not less than the amount of revenue
22 received by the municipality from the tax at a rate of one percent
23 of the cost of a room. ~~[This subsection does not apply to a~~
24 ~~municipality, regardless of population, that before October 1,~~
25 ~~1989, adopted an ordinance providing for the allocation of an~~
26 ~~amount in excess of 50 percent of the hotel occupancy tax revenue~~
27 ~~collected by the municipality for one or more specific purposes~~

1 ~~provided by Section 351.101(a)(1) until the ordinance is repealed~~
2 ~~or expires or until the revenue is no longer used for those specific~~
3 ~~purposes in an amount in excess of 50 percent of the tax revenue.]~~

4 (b) A ~~[Subsection (a) does not apply to a municipality in a~~
5 ~~fiscal year of the municipality if the total amount of hotel~~
6 ~~occupancy tax collected by the municipality in the most recent~~
7 ~~calendar year that ends at least 90 days before the date the fiscal~~
8 ~~year begins exceeds \$2 million. A municipality excepted from the~~
9 ~~application of Subsection (a) by this subsection shall allocate~~
10 ~~hotel occupancy tax revenue by ordinance, consistent with the other~~
11 ~~limitations of this section. The portion of the tax revenue~~
12 ~~allocated by a] municipality with a population of more than 1.6~~
13 ~~million shall allocate at least 23 percent of the hotel occupancy~~
14 ~~tax revenue collected by the municipality for the purposes provided~~
15 ~~by Section 351.101(a)(3) [may not be less than 23 percent], except~~
16 ~~that the allocation is subject to and may not impair the authority~~
17 ~~of the municipality to:~~

18 (1) pledge all or any portion of that tax revenue to
19 the payment of bonds as provided by Section 351.102(a) or bonds
20 issued to refund bonds secured by that pledge; or

21 (2) spend all or any portion of that tax revenue for
22 the payment of operation and maintenance expenses of convention
23 center facilities.

24 (c) Not more than 15 percent of the hotel occupancy tax
25 revenue collected by a municipality, other than a municipality
26 having a population of more than 1.6 million, or the amount of tax
27 received by the municipality at the rate of one percent of the cost

1 of a room, whichever is greater, may be used for the purposes
2 provided by Section 351.101(a)(4). Not more than 19.30 percent of
3 the hotel occupancy tax revenue collected by a municipality having
4 a population of more than 1.6 million, or the amount of tax received
5 by the municipality at the rate of one percent of the cost of a room,
6 whichever is greater, may be used for the purposes provided by
7 Section 351.101(a)(4). Not more than 15 percent of the hotel
8 occupancy tax revenue collected by a municipality [~~having a~~
9 ~~population of more than 125,000~~] may be used for the purposes
10 provided by Section 351.101(a)(5). A municipality that before
11 January 1, 2023, adopted in accordance with state law an ordinance
12 providing for the allocation of an amount in excess of 15 percent of
13 the hotel occupancy tax revenue collected by the municipality for
14 one or more of the specific purposes provided by Section
15 351.101(a)(5) may allocate tax revenue as provided by that
16 ordinance until the ordinance is repealed or expires or until the
17 revenue is no longer used for those specific purposes.

18 SECTION 6. Section 351.110(c), Tax Code, is amended to read
19 as follows:

20 (c) This section does not authorize the use of revenue
21 derived from the tax imposed under this chapter for a
22 transportation system that serves the general public other than for
23 a system [~~that transports tourists as~~] described by Subsection (a)
24 that is primarily used by tourists.

25 SECTION 7. Subchapter C, Chapter 351, Tax Code, is amended
26 by adding Sections 351.161, 351.162, and 351.163 to read as
27 follows:

1 Sec. 351.161. APPLICATION OF OTHER LAW. This subchapter
2 may not be construed as authorizing the taking of private property
3 for economic development purposes in a manner inconsistent with the
4 requirements of Section 17, Article I, Texas Constitution, or
5 Section 2206.001, Government Code.

6 Sec. 351.162. RECAPTURE OF LOST STATE TAX REVENUE FROM
7 CERTAIN MUNICIPALITIES. (a) This section:

8 (1) applies only to a qualified project that is first
9 commenced on or after:

10 (A) January 1, 2024, unless Paragraph (B) applies
11 to the qualified project; or

12 (B) January 1, 2027, if the qualified project was
13 authorized before January 1, 2023, by a municipality with a
14 population of 175,000 or more; and

15 (2) notwithstanding Subdivision (1), does not apply to
16 a qualified project that is the subject of an economic development
17 agreement authorized by Chapter 380, Local Government Code, entered
18 into on or before January 1, 2022.

19 (b) On the 20th anniversary of the date a hotel designated
20 as a qualified hotel by a municipality as part of a qualified
21 project to which this section applies is open for initial
22 occupancy, the comptroller shall determine:

23 (1) the total amount of state tax revenue received
24 under Section 351.156 and, if applicable, under Section 351.157 by
25 the municipality from the qualified project during the period for
26 which the municipality was entitled to receive that revenue; and

27 (2) the total amount of state tax revenue described by

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

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

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

26 Sec. 351.163. REPORT ON QUALIFIED PROJECTS. (a) Not later
27 than December 1 of each even-numbered year, the comptroller shall

1 prepare a report on the status of each qualified project.

2 (b) The report must include, for each qualified project:

3 (1) the location and a description of the project,
4 including the current status of the project;

5 (2) the number of qualified hotels and qualified
6 convention center facilities associated with the project;

7 (3) the total amount of tax revenue received by a
8 municipality under Section 351.156 and, if applicable, Section
9 351.157 as a result of the project;

10 (4) the amount of state tax revenue generated by the
11 project that has been received by the state after the period of
12 entitlement for the project as prescribed by Section 351.158 has
13 ended; and

14 (5) whether the municipality is required to remit
15 payments to the comptroller under Section 351.162 as a result of the
16 project.

17 (c) The comptroller may include in the report any additional
18 information the comptroller determines is necessary to evaluate the
19 effect of each qualified project on the economy of this state.

20 (d) The comptroller shall:

21 (1) post a copy of the report on the comptroller's
22 Internet website; and

23 (2) provide a copy of the report to the lieutenant
24 governor, the speaker of the house of representatives, and each
25 other member of the legislature.

26 SECTION 8. Section 352.009, Tax Code, is amended to read as
27 follows:

1 Sec. 352.009. ANNUAL REPORT TO COMPTROLLER. (a) Not
2 later than March 1 [~~February 20~~] of each year, a county that imposes
3 the tax authorized by this chapter shall report to the comptroller:

4 (1) the rate of:

5 (A) the tax imposed by the county under this
6 chapter; and

7 (B) if applicable, the tax imposed by the county
8 under Subchapter H, Chapter 334, Local Government Code; [~~and~~]

9 (2) the amount of revenue collected during the
10 county's preceding fiscal year from:

11 (A) the tax imposed by the county under this
12 chapter; and

13 (B) if applicable, the tax imposed by the county
14 under Subchapter H, Chapter 334, Local Government Code;

15 (3) the amount and percentage of the revenue described
16 by Subdivision (2)(A) allocated by the county to each use
17 authorized by this chapter for which the county used the revenue
18 during the county's preceding fiscal year, stated separately as an
19 amount and percentage for each applicable use; and

20 (4) the total amount of any revenue described by
21 Subdivision (2)(A) collected in any preceding fiscal year of the
22 county that has not yet been spent by the county and the amount of
23 that unexpended revenue, if any, that remains in the county's
24 possession in the fiscal year in which the report is due.

25 (b) The county must make the report required by this section
26 by[+]

27 [~~(1)~~] submitting the report to the comptroller on a

1 form prescribed by the comptroller [~~or~~
2 [~~(2) providing the comptroller a direct link to, or a~~
3 ~~clear statement describing the location of, the information~~
4 ~~required to be reported that is posted on the Internet website of~~
5 ~~the county]~~.

6 (c) The [~~Subject to Subsection (b)(2), the~~] comptroller
7 shall prescribe the form a county must use for the report required
8 to be submitted under this section.

9 (d) A county that is required to make a report to the
10 comptroller under this section may use a portion of the revenue
11 described by Subsection (a)(2)(A) for the costs incurred by the
12 county in making and submitting the report. The amount of revenue a
13 county may use each year for the purpose authorized by this
14 subsection may not exceed:

15 (1) \$1,000 if the county has a population of less than
16 10,000; or

17 (2) \$2,500 if the county has a population of 10,000 or
18 more.

19 (e) The comptroller may adopt rules necessary to administer
20 this section.

21 SECTION 9. The following provisions of the Tax Code are
22 repealed:

23 (1) Sections 351.103(d) and (e); and

24 (2) Section 351.110(b).

25 SECTION 10. The comptroller of public accounts shall
26 prescribe the form of the report required under Sections 351.009
27 and 352.009, Tax Code, as amended by this Act, not later than

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1 January 1, 2024. A municipality or county required to make a report
2 under those sections must submit the 2024 report using the form
3 prescribed by the comptroller under this section.

4 SECTION 11. This Act takes effect immediately if it
5 receives a vote of two-thirds of all the members elected to each
6 house, as provided by Section 39, Article III, Texas Constitution.
7 If this Act does not receive the vote necessary for immediate
8 effect, this Act takes effect September 1, 2023.