

TAX CODE

TITLE 3. LOCAL TAXATION

SUBTITLE D. LOCAL HOTEL OCCUPANCY TAXES

CHAPTER 351. MUNICIPAL HOTEL OCCUPANCY TAXES

SUBCHAPTER A. IMPOSITION AND COLLECTION OF TAX

Sec. 351.001. DEFINITIONS. In this chapter:

(1) "Municipality" includes any incorporated city, town, or village.

(2) "Convention center facilities" or "convention center complex" means facilities that are primarily used to host conventions and meetings. The term means civic centers, civic center buildings, auditoriums, exhibition halls, and coliseums that are owned by the municipality or other governmental entity or that are managed in whole or part by the municipality. In a municipality with a population of 1.5 million or more, "convention center facilities" or "convention center complex" means civic centers, civic center buildings, auditoriums, exhibition halls, and coliseums that are owned by the municipality or other governmental entity or that are managed in part by the municipality, hotels owned by the municipality or a nonprofit municipally sponsored local government corporation created under Chapter 431, Transportation Code, within 1,000 feet of a convention center owned by the municipality, or a historic hotel owned by the municipality or a nonprofit municipally sponsored local government corporation created under Chapter 431, Transportation Code, within one mile of a convention center owned by the municipality. The term includes parking areas or facilities that are for the parking or storage of conveyances and that are located at or in the vicinity of other convention center facilities. The term also includes a hotel owned by or located on land that is owned by an eligible central municipality or by a nonprofit corporation acting on behalf of an eligible central municipality and that is located within 1,000 feet of a convention center facility owned by the municipality. The term also includes a hotel that is owned in part by an eligible central municipality described by Subdivision (7)(D) and that is located

within 1,000 feet of a convention center facility. For purposes of this subdivision, "meetings" means gatherings of people that enhance and promote tourism and the convention and hotel industry.

(3) "Eligible coastal municipality" means a home-rule municipality that borders on the Gulf of Mexico and has a population of less than 80,000.

(4) "Hotel" has the meaning assigned by Section [156.001](#).

(5) "Tourism" means the guidance or management of tourists.

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

(7) "Eligible central municipality" means:

(A) a municipality with a population of more than 140,000 but less than 1.5 million that is located in a county with a population of one million or more and that has adopted a capital improvement plan for the construction or expansion of a convention center facility;

(B) a municipality with a population of 250,000 or more that:

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

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

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

(C) a municipality with a population of 116,000 or more that:

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

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

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

(E) a municipality with a population of 640,000 or more that:

(i) is located on an international border;
and

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

(8) "Visitor information center" or "tourism information center" means a building or a portion of a building used to distribute or disseminate information to tourists.

(9) "Revenue" includes any interest derived from the revenue.

(10) "Revenue" includes any interest derived from the revenue.

(11) "Eligible barrier island coastal municipality" means a municipality:

(A) that borders on the Gulf of Mexico;

(B) that is located wholly on a barrier island;

and

(C) the boundaries of which are within 30 miles of the United Mexican States.

Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.

Amended by Acts 1989, 71st Leg., ch. 1110, Sec. 1, eff. Oct. 1, 1989; Acts 1993, 73rd Leg., ch. 231, Sec. 1, eff. Aug. 30, 1993; Acts 1993, 73rd Leg., ch. 620, Sec. 1, eff. Aug. 30, 1993; Acts 1993, 73rd Leg., ch. 680, Sec. 1, eff. Sept. 1, 1993; Acts 1995, 74th Leg., ch. 76, Sec. 17.01(51), eff. Sept. 1, 1995; Acts 1995, 74th Leg., ch. 454, Sec. 5, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 165, Sec. 30.273, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 495, Sec. 1, eff. Sept. 1, 1999; Acts 1999, 76th Leg., ch. 1004, Sec. 1, eff. Sept. 1, 1999; Acts 1999, 76th Leg., ch. 1467, Sec. 2.71, eff. Oct. 1, 1999; Acts 2001, 77th Leg., ch. 1308, Sec. 1, eff. June 16, 2001.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 264 (H.B. [2032](#)), Sec. 3, eff. May 30, 2009.

Acts 2009, 81st Leg., R.S., Ch. 1220 (S.B. [1247](#)), Sec. 1, eff. September 1, 2009.

Acts 2009, 81st Leg., R.S., Ch. 1271 (H.B. [1324](#)), Sec. 1, eff. June 19, 2009.

Acts 2011, 82nd Leg., R.S., Ch. 179 (S.B. [977](#)), Sec. 3, eff. May 28, 2011.

Acts 2013, 83rd Leg., R.S., Ch. 490 (S.B. [1719](#)), Sec. 4, eff. June 14, 2013.

Acts 2015, 84th Leg., R.S., Ch. 227 (H.B. [1964](#)), Sec. 1, eff. May 29, 2015.

Acts 2017, 85th Leg., R.S., Ch. 267 (H.B. [1896](#)), Sec. 2, eff. September 1, 2017.

Sec. 351.002. TAX AUTHORIZED. (a) A municipality by ordinance may impose a tax on a person who, under a lease, concession, permit, right of access, license, contract, or agreement, pays for the use or possession or for the right to the use or possession of a room that is in a hotel, costs \$2 or more each day, and is ordinarily used for sleeping.

(b) The price of a room in a hotel does not include the cost of food served by the hotel and the cost of personal services performed by the hotel for the person except for those services related to cleaning and readying the room for use or possession.

(c) The tax does not apply to a person who is a permanent resident under Section [156.101](#) of this code.

Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.

Amended by Acts 1991, 72nd Leg., ch. 328, Sec. 5, eff. Aug. 26, 1991.

Sec. 351.0025. EXTRATERRITORIAL JURISDICTION. (a) A municipality with a population of less than 35,000 by ordinance may impose the tax authorized under Section [351.002](#) in the municipality's extraterritorial jurisdiction.

(b) The municipality may not impose a tax under this section if as a result of the adoption the combined rate of state, county, and municipal hotel occupancy taxes in the extraterritorial jurisdiction exceeds 15 percent of the price paid for a room in a hotel.

Added by Acts 1991, 72nd Leg., ch. 328, Sec. 3, eff. Aug. 26, 1991.

Amended by Acts 1993, 73rd Leg., ch. 680, Sec. 2, eff. Sept. 1, 1993.

Sec. 351.003. TAX RATES. (a) Except as provided by this section, the tax authorized by this chapter may be imposed at any rate not to exceed seven percent of the price paid for a room in a hotel.

(b) The rate in an eligible central municipality may not exceed nine percent of the price paid for a room. This subsection does not apply to a municipality to which Section 351.106 applies or to an eligible central municipality with a population of less than 440,000.

(c) The rate in a municipality that borders on the Gulf of Mexico and has a population of more than 250,000 or in a municipality with a population of less than 5,000 adjacent to a home-rule city with a population of less than 80,000 may not exceed nine percent of the price paid for a room.

(d) The rate in an eligible barrier island coastal municipality may not exceed 8-1/2 percent of the price paid for a room.

(e) The rate in a municipality that has a population of more than 95,000 and is in a county that borders Lake Palestine and has a population of more than 200,000 may not exceed nine percent of the price paid for a room. The municipality shall allocate for the construction, expansion, maintenance, or operation of convention center facilities all revenue received by the municipality that is derived from the application of the tax at a rate of more than seven percent of the price paid for a room in a hotel.

(f) The rate in a municipality that has a population of at least 80,000 and is partly located in a county that borders the State of Louisiana and has a population of at least 60,000 may not exceed nine percent of the price paid for a room. The municipality shall allocate for the construction, expansion, maintenance, or operation of convention center facilities all revenue received by the municipality that is derived from the application of the tax at a rate of more than seven percent of the price paid for a room in a hotel.

Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.
Amended by Acts 1989, 71st Leg., ch. 2, Sec. 14.23(a), eff. Aug. 28, 1989; Acts 1993, 73rd Leg., ch. 620, Sec. 2, eff. Aug. 30, 1993; Acts 1999, 76th Leg., ch. 825, Sec. 1, eff. June 18, 1999; Acts 2001, 77th Leg., ch. 1308, Sec. 2, eff. June 16, 2001; Acts 2003, 78th Leg., ch. 247, Sec. 2, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 382, Sec. 1, 3, eff. June 18, 2003.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 1220 (S.B. [1247](#)), Sec. 2, eff. September 1, 2009.

Acts 2009, 81st Leg., R.S., Ch. 1271 (H.B. [1324](#)), Sec. 2, eff. June 19, 2009.

Acts 2011, 82nd Leg., R.S., Ch. 751 (H.B. [1315](#)), Sec. 2, eff. June 17, 2011.

Acts 2011, 82nd Leg., R.S., Ch. 888 (S.B. [349](#)), Sec. 1, eff. June 17, 2011.

Sec. 351.004. TAX COLLECTION. (a) The municipality may bring suit against a person who is required to collect the tax imposed by this chapter and pay the collections over to the municipality, and who has failed to file a tax report or pay the tax when due, to collect the tax not paid or to enjoin the person from operating a hotel in the municipality until the tax is paid or the report filed, as applicable, as provided by the court's order. In addition to the amount of any tax owed under this chapter, the person is liable to the municipality for:

(1) the municipality's reasonable attorney's fees;

(2) the costs of an audit conducted under Subsection (a-1)(1), as determined by the municipality using a reasonable rate, but only if:

(A) the tax has been delinquent for at least two complete municipal fiscal quarters at the time the audit is conducted; and

(B) the municipality has not received a disbursement from the comptroller as provided by Section [156.2513](#) related to the person's concurrent state tax delinquency described by Section [351.008](#);

(3) a penalty equal to 15 percent of the total amount of the tax owed if the tax has been delinquent for at least one complete municipal fiscal quarter; and

(4) interest under Section [351.0042](#).

(a-1) If a person required to file a tax report under this chapter does not file the report as required by the municipality, the municipality may determine the amount of tax due under this chapter by:

(1) conducting an audit of each hotel in relation to which the person did not file the report as required by the municipality; or

(2) using the tax report filed for the appropriate reporting period under Section [156.151](#) in relation to that hotel.

(a-2) If the person did not file a tax report under Section [156.151](#) for that reporting period in relation to that hotel, the municipality may estimate the amount of tax due by using the tax reports in relation to that hotel filed during the previous calendar year under this chapter or Section [156.151](#). An estimate made under this subsection is prima facie evidence of the amount of tax due for that period in relation to that hotel.

(a-3) The authority to conduct an audit under this section is in addition to any other audit authority provided by statute, charter, or ordinance. A municipality may directly perform an audit authorized by this section or contract with another person to perform the audit on an hourly rate or fixed-fee basis. A municipality shall provide at least 30 days' written notice to a person who is required to collect the tax imposed by this chapter with respect to a hotel before conducting an audit of the hotel under this section.

(b) Except as provided by Subsection (b-1), a municipality must bring suit under this section not later than the fourth anniversary of the date the tax becomes due.

(b-1) The limitation provided by Subsection (b) does not apply and a municipality may bring suit under this section at any time if:

(1) with intent to evade the tax, the person files a false or fraudulent report with the municipality; or

(2) the person has not filed a report for the tax with the municipality.

(c) A municipality by ordinance may authorize misdemeanor punishment for a violation of an ordinance adopted under this chapter.

(d) The remedies provided by this section are in addition to other available remedies.

Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.

Amended by Acts 1989, 71st Leg., ch. 1110, Sec. 2, eff. Oct. 1, 1989; Acts 1993, 73rd Leg., ch. 259, Sec. 1.

Amended by:

Acts 2005, 79th Leg., Ch. 488 (H.B. 352), Sec. 1, eff. September 1, 2005.

Acts 2011, 82nd Leg., R.S., Ch. 1152 (H.B. 2048), Sec. 2, eff. September 1, 2011.

Acts 2013, 83rd Leg., R.S., Ch. 944 (H.B. 1724), Sec. 1, eff. September 1, 2013.

Sec. 351.0041. COLLECTION PROCEDURES ON PURCHASE OF HOTEL.

(a) If a person who is liable for the payment of a tax under this chapter is the owner of a hotel and sells the hotel, the successor to the seller or the seller's assignee shall withhold an amount of the purchase price sufficient to pay the amount due until the seller provides a receipt by a person designated by the municipality to provide the receipt showing that the amount has been paid or a certificate showing that no tax is due.

(b) The purchaser of a hotel who fails to withhold an amount of the purchase price as required by this section is liable for the amount required to be withheld to the extent of the value of the purchase price.

(c) The purchaser of a hotel may request that the person designated by the municipality to provide a receipt under Subsection (a) issue a certificate stating that no tax is due or issue a statement of the amount required to be paid before a certificate may be issued. The person designated by the municipality shall issue the certificate or statement not later than the 60th day after the date that the person receives the

request.

(d) If the person designated by the municipality to provide a receipt under Subsection (a) fails to issue the certificate or statement within the period provided by Subsection (c), the purchaser is released from the obligation to withhold the purchase price or pay the amount due.

Added by Acts 1991, 72nd Leg., ch. 328, Sec. 1, eff. Aug. 26, 1991.

Sec. 351.0042. INTEREST ON DELINQUENT TAX. (a) A person who fails to pay a tax due under this chapter is liable to the municipality for interest on the unpaid amount at the greater of the rate provided by Section 111.060(b) or the rate imposed by the municipality on January 1, 2013.

(b) Interest under this section accrues from the first day after the date due until the tax is paid.

Added by Acts 2013, 83rd Leg., R.S., Ch. 944 (H.B. 1724), Sec. 2, eff. September 1, 2013.

Sec. 351.005. REIMBURSEMENT FOR EXPENSES OF TAX COLLECTION AND USE OF ELECTRONIC TAX ADMINISTRATION SYSTEM. (a) A municipality may permit a person who is required to collect and pay over to the municipality the tax authorized by this chapter to withhold not more than one percent of the amount of the tax collected and required to be reported as reimbursement to the person for the cost of collecting the tax.

(b) If a municipality uses revenue derived from the tax authorized by this chapter to create, maintain, operate, or administer an electronic tax administration system as authorized by Section 351.1012, the municipality shall permit a person who is required to collect and pay over to the municipality the tax authorized by this chapter to withhold not more than one percent of the amount of the tax collected and required to be reported as reimbursement to the person for the cost of collecting the tax.

(c) The municipality may provide that the reimbursement provided or required by this section be forfeited because of a failure to pay the tax or to file a report as required by the municipality.

Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 1255 (H.B. 1905), Sec. 22(c), eff. September 1, 2015.

Acts 2017, 85th Leg., R.S., Ch. 785 (H.B. 2445), Sec. 4, eff. June 15, 2017.

Sec. 351.006. EXEMPTION. (a) A United States governmental entity described in Section 156.103(a) is exempt from the payment of tax authorized by this chapter.

(b) A state governmental entity described in Section 156.103(b) shall pay the tax imposed by this chapter but is entitled to a refund of the tax paid.

(c) A person who is described by Section 156.103(d) is exempt from the payment of the tax authorized by this chapter.

(d) A person who is described by Section 156.103(c) shall pay the tax imposed by this chapter but the state governmental entity with whom the person is associated is entitled to a refund of the tax paid.

(e) To receive a refund of tax paid under this chapter, the governmental entity entitled to the refund must file a refund claim on a form provided by the municipality and containing the information required by the municipality. The comptroller by rule shall prescribe the form that must be used and the information that must be provided.

(f) A governmental entity may file a refund claim with the municipality under this chapter only for each calendar quarter for all reimbursements accrued during that quarter. The municipality may adopt an ordinance to enforce this section.

(g) The right to use or possess a room in a hotel is exempt from taxation under this chapter if the person required to collect the tax receives, in good faith from a guest, an exemption certificate stating qualification for an exemption provided in Subsection (c). The exemption must be supported by the documentation required under rules adopted by the comptroller and the municipality.

Added by Acts 1989, 71st Leg., ch. 504, Sec. 2, eff. Sept. 1, 1989.

Amended by Acts 1995, 74th Leg., ch. 454, Sec. 6, eff. Sept. 1, 1995; Acts 1999, 76th Leg., ch. 1467, Sec. 2.72, eff. Oct. 1, 1999; Acts 2003, 78th Leg., ch. 209, Sec. 87, eff. Oct. 1, 2003.

Sec. 351.007. PREEEXISTING CONTRACTS. (a) If a municipality increases the rate of the tax authorized by this chapter, the increased tax rate does not apply to the tax imposed on the use or possession, or the right to the use or possession, of a room under a contract that was executed before the date the increased rate takes effect and that provides for the payment of the tax at the rate in effect when the contract was executed, unless the contract is subject to change or modification by reason of the tax rate increase.

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

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

Added by Acts 1989, 71st Leg., ch. 1110, Sec. 3, eff. Oct. 1, 1989.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 267 (H.B. 1896), Sec. 3, eff. September 1, 2017.

Sec. 351.008. CONCURRENT STATE TAX DELINQUENCY. (a) If, as a result of an audit conducted under Section 351.004, a municipality obtains documentation or other information showing a failure to collect or pay when due both the tax imposed by this chapter and the tax imposed by Chapter 156 on a person who pays for the right to occupy a room or space in a hotel, the municipality shall notify and submit the relevant information to the comptroller.

(b) The comptroller shall review the information submitted by a municipality under Subsection (a) and determine whether to proceed with collection and enforcement efforts. If the information results in the collection of a delinquent tax under Chapter 156 and the assessment has become administratively final, the comptroller shall distribute a percentage of the amount collected to the municipality as provided by Section 156.2513 to defray the cost of the municipal audit.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1152 (H.B. 2048), Sec. 3, eff. September 1, 2011.

Sec. 351.009. ANNUAL REPORT TO COMPTROLLER. (a) Not later than February 20 of each year, a municipality that imposes the tax authorized by this chapter shall report to the comptroller:

(1) the rate of:

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

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

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

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

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

(3) the amount and percentage of the revenue described

by Subdivision (2)(A) allocated by the municipality to each use described by Sections [351.101\(a\)\(1\)](#), (2), (3), (4), (5), and (9) during the municipality's preceding fiscal year, stated separately as an amount and percentage for each of those subdivisions.

(b) The municipality must make the report required by this section by:

(1) submitting the report to the comptroller on a form prescribed by the comptroller; or

(2) providing the comptroller a direct link to, or a clear statement describing the location of, the information required to be reported that is posted on the Internet website of the municipality.

(c) Subject to Subsection (b)(2), the comptroller shall prescribe the form a municipality must use for the report required to be submitted under this section.

(d) The comptroller may adopt rules necessary to administer this section.

Added by Acts 2017, 85th Leg., R.S., Ch. 420 (S.B. [1221](#)), Sec. 1, eff. June 1, 2017.

SUBCHAPTER B. USE AND ALLOCATION OF REVENUE

Sec. 351.101. USE OF TAX REVENUE.

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

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

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

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

(4) the encouragement, promotion, improvement, and

application of the arts, including instrumental and vocal music, dance, drama, folk art, creative writing, architecture, design and allied fields, painting, sculpture, photography, graphic and craft arts, motion pictures, radio, television, tape and sound recording, and other arts related to the presentation, performance, execution, and exhibition of these major art forms;

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

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

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

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

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

(B) the municipality has a population of more than 67,000 and is located in two counties with 90 percent of the municipality's territory located in a county with a population of at least 580,000, and the remaining territory located in a county with a population of at least four million;

(7) subject to Section [351.1076](#), the promotion of tourism by the enhancement and upgrading of existing sports facilities or fields if:

(A) the municipality owns the facilities or fields;

(B) the municipality:

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

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

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

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

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

(vi) is located in a county that:

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

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

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

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

(viii) is located in a county that has a population of not more than 300,000 and in which a component university of the University of Houston System is located;

(ix) has a population of at least 40,000 and the San Marcos River flows through the municipality; or

Text of subparagraph as added by Acts 2017, 85th Leg., R.S., Ch. 53

(S.B. [1365](#)), Sec. 1

(x) has a population of more than 67,000 and is located in two counties with 90 percent of the municipality's territory located in a county with a population of at least 580,000, and the remaining territory located in a county with a population of at least four million;

Text of subparagraph as added by Acts 2017, 85th Leg., R.S., Ch. 785

(H.B. [2445](#)), Sec. 5

(x) contains an intersection of Interstates 35E and 35W and at least two public universities; and

(C) the sports facilities and fields have been

used, in the preceding calendar year, a combined total of more than 10 times for district, state, regional, or national sports tournaments;

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

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

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

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

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

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

(b) Revenue derived from the tax authorized by this chapter shall be expended in a manner directly enhancing and promoting tourism and the convention and hotel industry as permitted by Subsection (a). That revenue may not be used for the general revenue purposes or general governmental operations of a municipality.

(c) The governing body of a municipality by contract may delegate to a person, including another governmental entity or a private organization, the management or supervision of programs and activities funded with revenue from the tax authorized by this chapter. The governing body in writing shall approve in advance the annual budget of the person to which it delegates those functions

and shall require the person to make periodic reports to the governing body at least quarterly listing the expenditures made by the person with revenue from the tax authorized by this chapter. The person must maintain revenue provided from the tax authorized by this chapter in a separate account established for that purpose and may not commingle that revenue with any other money. The municipality may not delegate to any person the management or supervision of its convention and visitors programs and activities funded with revenue from the tax authorized by this chapter other than by contract as provided by this subsection. The approval by the governing body of the municipality of the annual budget of the person to whom the governing body delegates those functions creates a fiduciary duty in the person with respect to the revenue provided by the tax authorized by this chapter.

(d) A person with whom a municipality contracts under this section to conduct an activity authorized by this section shall maintain complete and accurate financial records of each expenditure of hotel occupancy tax revenue made by the person and, on request of the governing body of the municipality or other person, shall make the records available for inspection and review to the governing body or other person.

(e) Hotel occupancy tax revenue spent for a purpose authorized by this section may be spent for 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 servicing expenditures authorized under Section [351.101\(a\)](#). If a municipal or other public or private entity that conducts an activity authorized under this section conducts other activities that are not authorized under this section, the portion of the total administrative costs of the entity for which hotel occupancy tax revenue may be used may not exceed the portion of those administrative costs actually incurred in conducting the authorized activities.

(f) Municipal hotel occupancy tax revenue may not be spent for travel for a person to attend an event or conduct an activity the primary purpose of which is not directly related to the promotion of tourism and the convention and hotel industry or the

performance of the person's job in an efficient and professional manner.

(g) This section does not prohibit a person that receives a grant from a municipality to conduct an activity authorized by Subsection (a)(4) from making a grant by contract to another person to conduct an activity authorized by that subdivision. A person that receives a grant from a grantee of the municipality under this subsection shall:

(1) at least annually submit a report of the person's expenditures of funds received from the grantee to the governing body of the municipality; and

(2) make records of those expenditures available for review to the governing body of the municipality and any other person.

(g-1) A municipality may not require a person that receives funds directly from the municipality through a grant to conduct an activity authorized by Subsection (a)(4) to waive a right guaranteed by law to the person or to enter into an agreement with another person.

(h) In addition to the uses authorized by Subsection (a), a municipality described by Subsection (a)(7)(B)(viii), as added by Chapter 546 (S.B. 585), Acts of the 83rd Legislature, Regular Session, 2013, may use revenue derived from the tax authorized by this chapter to promote tourism and the convention and hotel industry by constructing, maintaining, or expanding a sporting-related facility owned by the municipality if:

(1) the majority of the events at the facility involve participants staying at hotels in the municipality; and

(2) for a fiscal year, the municipality does not reduce the amount of that revenue that it uses for a purpose described by Subsection (a)(3) to an amount that is less than the lesser of:

(A) the amount of that revenue used by the municipality for that purpose during the municipality's 2015 fiscal year; or

(B) the total amount of that revenue received in the fiscal year.

(i) In addition to the purposes provided by Subsection (a), a municipality that has a population of at least 75,000 but not more than 95,000 and that is located in a county that has a population of more than 160,000 but less than 200,000 may use revenue from the municipal hotel tax to promote tourism and the convention and hotel industry by constructing, operating, or expanding a sporting related facility or sports field owned by the municipality, if the majority of the events at the facility or field are directly related to a sporting event in which the majority of participants are tourists who substantially increase economic activity at hotels in the municipality.

(j) In addition to the purposes provided by Subsection (a), a municipality that has a population of not more than 5,000 and at least part of which is located less than one-eighth of one mile from a space center operated by an agency of the federal government may use revenue from the municipal hotel occupancy tax for expenses, including promotion expenses, directly related to a sporting event in which the majority of participants are tourists who substantially increase economic activity at hotels and motels within the municipality or its vicinity.

(k) In addition to other authorized uses, a municipality that is intersected by both State Highways 71 and 95 may use revenue from the municipal hotel occupancy tax for the promotion of tourism by the enhancement and upgrading of an existing sports facility or field as specified by Subsection (a)(7), provided that the requirements of Subsections (a)(7)(A) and (C) are met.

(m) In addition to the uses authorized by Subsections (a) and (e), and notwithstanding any provision of this chapter to the contrary, a municipality with a population of 6,500 or less that has at least 800 hotel rooms within the corporate boundaries of the municipality and that is located in a county adjacent to a county with a population of 3.3 million or more may use revenue derived from the tax authorized by this chapter to directly enhance and promote tourism and the convention and hotel industry by acquiring sites for and constructing, improving, enlarging, equipping, repairing, operating, and maintaining a municipally owned:

- (1) convention center facility;

(2) sports-related facility with seating for at least 4,500 people that is used or is planned for use for one or more professional or amateur sports events or other events, including rodeos, livestock shows, and performing arts events;

(3) multiuse facility that includes facilities described by Subdivisions (1) and (2); and

(4) related infrastructure for a facility described by Subdivision (1), (2), or (3), as that term is defined by Section [334.001\(3\)](#), Local Government Code, for a venue.

(m-1) A municipality described by Subsection (m) that issues obligations secured wholly or partly by revenue derived from the tax authorized by this chapter for a use described by that subsection may use that revenue for those uses as long as the obligations are outstanding even if the municipality is no longer a municipality described by that subsection.

(n) In addition to other authorized uses, a municipality that has a population of not more than 1,500 and is located in a county that borders Arkansas and Louisiana may use revenue from the municipal hotel occupancy tax for the promotion of tourism by the enhancement and upgrading of an existing sports facility or field as specified by Subsection (a)(7), provided that the requirements of Subsections (a)(7)(A) and (C) and Section [351.1076](#) are met.

(o) In addition to the purposes provided by Subsection (a), a municipality that has a population of not more than 10,000, that contains an outdoor gear and sporting goods retailer with retail space larger than 175,000 square feet, and that hosts an annual wiener dog race may use revenue from the municipal hotel occupancy tax to promote tourism and the convention and hotel industry by constructing, operating, or expanding a sporting related facility or sports field owned by the municipality, if the majority of the events at the facility or field are directly related to a sporting event in which the majority of participants are tourists who substantially increase economic activity at hotels in the municipality. If a municipality to which this subsection applies uses revenue derived from the municipal hotel occupancy tax for a purpose described by this subsection, the municipality may not reduce the percentage of revenue from that tax allocated for a

purpose described by Subsection (a)(3) to a percentage that is less than the average percentage of that revenue allocated by the municipality for that purpose during the 36-month period preceding the date the municipality begins using the revenue for a purpose described by this subsection.

Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.

Amended by Acts 1989, 71st Leg., ch. 2, Sec. 14.24(a), eff. Aug. 28, 1989; Acts 1989, 71st Leg., ch. 1110, Sec. 4, eff. Oct. 1, 1989; Acts 1993, 73rd Leg., ch. 680, Sec. 3, eff. Sept. 1, 1993; Acts 1995, 74th Leg., ch. 1027, Sec. 1, eff. Aug. 28, 1995; Acts 2001, 77th Leg., ch. 755, Sec. 1, eff. June 13, 2001; Acts 2001, 77th Leg., ch. 1308, Sec. 3, eff. June 16, 2001; Acts 2003, 78th Leg., ch. 209, Sec. 90, eff. Oct. 1, 2003; Acts 2003, 78th Leg., ch. 303, Sec. 1, eff. June 18, 2003.

Amended by:

Acts 2005, 79th Leg., Ch. 1247 (H.B. [1734](#)), Sec. 1, eff. June 18, 2005.

Acts 2007, 80th Leg., R.S., Ch. 1144 (S.B. [765](#)), Sec. 1, eff. June 15, 2007.

Acts 2009, 81st Leg., R.S., Ch. 402 (H.B. [1789](#)), Sec. 1, eff. June 19, 2009.

Acts 2009, 81st Leg., R.S., Ch. 1220 (S.B. [1247](#)), Sec. 3(a), eff. June 19, 2009.

Acts 2009, 81st Leg., R.S., Ch. 1322 (H.B. [3098](#)), Sec. 1, eff. June 19, 2009.

Acts 2011, 82nd Leg., R.S., Ch. 91 (S.B. [1303](#)), Sec. 23.004, eff. September 1, 2011.

Acts 2011, 82nd Leg., R.S., Ch. 247 (H.B. [970](#)), Sec. 1, eff. June 17, 2011.

Acts 2011, 82nd Leg., R.S., Ch. 764 (H.B. [1690](#)), Sec. 1, eff. June 17, 2011.

Acts 2011, 82nd Leg., R.S., Ch. 1163 (H.B. [2702](#)), Sec. 120, eff. September 1, 2011.

Acts 2013, 83rd Leg., R.S., Ch. 161 (S.B. [1093](#)), Sec. 19.012, eff. September 1, 2013.

Acts 2013, 83rd Leg., R.S., Ch. 541 (S.B. [551](#)), Sec. 1, eff. June 14, 2013.

Acts 2013, 83rd Leg., R.S., Ch. 546 (S.B. 585), Sec. 1, eff. June 14, 2013.

Acts 2015, 84th Leg., R.S., Ch. 663 (H.B. 3595), Sec. 1, eff. June 17, 2015.

Acts 2015, 84th Leg., R.S., Ch. 665 (H.B. 3629), Sec. 1, eff. June 17, 2015.

Acts 2015, 84th Leg., R.S., Ch. 666 (H.B. 3772), Sec. 1, eff. June 17, 2015.

Acts 2015, 84th Leg., R.S., Ch. 970 (H.B. 1585), Sec. 1, eff. September 1, 2015.

Acts 2015, 84th Leg., R.S., Ch. 979 (H.B. 3615), Sec. 1, eff. June 19, 2015.

Acts 2015, 84th Leg., R.S., Ch. 979 (H.B. 3615), Sec. 2, eff. June 19, 2015.

Acts 2017, 85th Leg., R.S., Ch. 53 (S.B. 1365), Sec. 1, eff. May 22, 2017.

Acts 2017, 85th Leg., R.S., Ch. 267 (H.B. 1896), Sec. 4, eff. September 1, 2017.

Acts 2017, 85th Leg., R.S., Ch. 324 (S.B. 1488), Sec. 17.003, eff. September 1, 2017.

Acts 2017, 85th Leg., R.S., Ch. 453 (S.B. 942), Sec. 1, eff. June 9, 2017.

Acts 2017, 85th Leg., R.S., Ch. 652 (S.B. 2166), Sec. 1, eff. June 12, 2017.

Acts 2017, 85th Leg., R.S., Ch. 785 (H.B. 2445), Sec. 5, eff. June 15, 2017.

Acts 2017, 85th Leg., R.S., Ch. 785 (H.B. 2445), Sec. 6, eff. June 15, 2017.

Sec. 351.1012. ELECTRONIC TAX ADMINISTRATION SYSTEM.
(a) Notwithstanding any other provision of this chapter, a municipality may spend each year not more than the lesser of one percent or \$75,000 of the revenue derived from the tax authorized by this chapter during that year for the creation, maintenance, operation, and administration of an electronic tax administration system. A municipality may not use revenue the municipality is authorized to spend under this subsection to conduct an audit.

(b) A municipality may contract with a third party to assist in the creation, maintenance, operation, or administration of the electronic tax administration system.

Added by Acts 2015, 84th Leg., R.S., Ch. 1255 (H.B. 1905), Sec. 22(d), eff. September 1, 2015.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 785 (H.B. 2445), Sec. 7, eff. June 15, 2017.

Sec. 351.1015. CERTAIN QUALIFIED PROJECTS. (a) In this section:

(1) "Base year amount" means the amount of hotel-associated revenue collected in a project financing zone during the calendar year in which a municipality designates the zone.

(2) "Hotel-associated revenue" means the sum of:

(A) state tax revenue collected in a project financing zone from all hotels located in the zone that would be available to the owners of qualified hotel projects under Section 151.429(h) if the hotels were qualified hotel projects, excluding the amount of that revenue received by a municipality under Section 351.102(c) for a hotel project described by Section 351.102(b) and located in the zone that exists on the date the municipality designates the zone; and

(B) tax revenue collected from all permittees under Chapter 183 at hotels located in the zone, excluding revenue disbursed by the comptroller under Section 183.051(b).

(3) "Incremental hotel-associated revenue" means the amount in any calendar year by which hotel-associated revenue, including hotel-associated revenue from hotels built in the project financing zone after the year in which a municipality designates the zone, exceeds the base year amount.

(4) "Project financing zone" means an area within a municipality:

(A) that the municipality by ordinance or by agreement under Chapter 380, Local Government Code, designates as a project financing zone;

(B) the boundaries of which are within a three-mile radius of the center of a qualified project;

(C) the designation of which specifies the longitude and latitude of the center of the qualified project; and

(D) the designation of which expires not later than the 30th anniversary of the date of designation.

(5) "Qualified project" means:

(A) a convention center facility; or

(B) a multipurpose arena or venue that includes a livestock facility and is located within or adjacent to a recognized cultural district, and any related infrastructure, that is:

(i) located on land owned by a municipality or by the owner of the venue;

(ii) partially financed by private contributions that equal not less than 40 percent of the project costs; and

(iii) related to the promotion of tourism and the convention and hotel industry.

(6) "Venue" and "related infrastructure" have the meanings assigned by Section [334.001](#), Local Government Code.

(b) This section applies only to a qualified project located in a municipality with a population of at least 650,000 but less than 750,000 according to the most recent federal decennial census.

(c) In addition to the uses provided by Section [351.101](#), revenue from the municipal hotel occupancy tax may be used to fund a qualified project.

(d) A municipality may pledge the revenue derived from the tax imposed under this chapter from a hotel located in the project financing zone for the payment of bonds or other obligations issued or incurred to acquire, lease, construct, improve, enlarge, and equip the qualified project.

(e) A municipality may pledge for the payment of bonds or other obligations described by Subsection (d) the local revenue from eligible tax proceeds as defined by Section [2303.5055\(e\)](#), Government Code, from hotels located in a project financing zone that would be available to the owners of qualified hotel projects

under that section if the hotels were qualified hotel projects, excluding any amount received by the municipality for a hotel project described by Section 351.102(b) and located in the zone that exists on the date the municipality designates the zone.

(f) A municipality shall notify the comptroller of the municipality's designation of a project financing zone not later than the 30th day after the date the municipality designates the zone. Notwithstanding other law, the municipality is entitled to receive the incremental hotel-associated revenue from the project financing zone for the period beginning on the first day of the year after the year in which the municipality designates the zone and ending on the last day of the month during which the designation expires. The municipality may pledge the revenue for the payment of bonds or other obligations described by Subsection (d).

(g) The comptroller shall deposit incremental hotel-associated revenue collected by or forwarded to the comptroller in a separate suspense account to be held in trust for the municipality that is entitled to receive the revenue. The suspense account is outside the state treasury, and the comptroller may make a payment authorized by this section from the account without the necessity of an appropriation. The comptroller shall begin making payments from the suspense account to the municipality for which the money is held on the date the qualified project in the project financing zone is commenced. If the qualified project is not commenced by the fifth anniversary of the first deposit to the account, the comptroller shall transfer the money in the account to the general revenue fund and cease making deposits to the account.

(h) The comptroller may estimate the amount of incremental hotel-associated revenue that will be deposited to a suspense account under Subsection (g) during each calendar year. The comptroller may make deposits to the account and the municipality may request disbursements from the account on a monthly basis based on the estimate. At the end of each calendar year, the comptroller shall adjust the deposits and disbursements to reflect the amount of revenue actually deposited to the account during the calendar year.

(i) A municipality shall notify the comptroller if the

qualified project in the project financing zone is abandoned. If the qualified project is abandoned, the comptroller shall transfer to the general revenue fund the amount of money in the suspense account that exceeds the amount required for the payment of bonds or other obligations described by Subsection (d).

Added by Acts 2013, 83rd Leg., R.S., Ch. 127 (S.B. 748), Sec. 1, eff. September 1, 2013.

Sec. 351.102. PLEDGE FOR BONDS. (a) Subject to the limitations provided by this subchapter, a municipality may pledge the revenue derived from the tax imposed under this chapter for the payment of bonds that are issued under Section 1504.002(a), Government Code, for one or more of the purposes provided by Section 351.101 or, in the case of a municipality of 1,500,000 or more, for the payment of principal of or interest on bonds or other obligations of a municipally sponsored local government corporation created under Chapter 431, Transportation Code, that were issued to pay the cost of the acquisition and construction of a convention center hotel or the cost of acquisition, remodeling, or rehabilitation of a historic hotel structure; provided, however, such pledge may only be that portion of the tax collected at such hotel.

(b) An eligible central municipality, a municipality with a population of 173,000 or more that is located within two or more counties, a municipality with a population of 96,000 or more that is located in a county that borders Lake Palestine or contains the headwaters of the San Gabriel River, or a municipality with a population of at least 99,900 but not more than 111,000 that is located in a county with a population of at least 135,000 may pledge the revenue derived from the tax imposed under this chapter from a hotel project that is owned by or located on land owned by the municipality or, in an eligible central municipality, by a nonprofit corporation acting on behalf of an eligible central municipality, and that is located within 1,000 feet of a convention center facility owned by the municipality for the payment of bonds or other obligations issued or incurred to acquire, lease, construct, and equip the hotel and any facilities ancillary to the

hotel, including convention center entertainment-related facilities, meeting spaces, restaurants, shops, street and water and sewer infrastructure necessary for the operation of the hotel or ancillary facilities, and parking facilities within 1,000 feet of the hotel or convention center facility. A municipality with a population of 173,000 or more that is located within two or more counties may pledge for the payment of bonds or other obligations described by this subsection the revenue derived from the tax imposed under this chapter from a hotel project not owned by or located on land owned by the municipality if the project is located on land that is owned by the federal government and the project is located within 1,000 feet of a convention center facility owned by the municipality. For bonds or other obligations issued under this subsection, an eligible central municipality or a municipality described by this subsection or Subsection (e) may only pledge revenue or other assets of the hotel project benefiting from those bonds or other obligations.

(b-1) A municipality with a population of 173,000 or more that is located within two counties and is not an eligible central municipality may not pledge revenue under Subsection (b) in relation to a particular hotel project after the earlier of:

(1) the 20th anniversary of the date the municipality first pledged the revenue to the hotel project; or

(2) the date the revenue pledged to the hotel project equals 40 percent of the hotel project's total construction cost.

(c) Except as provided by this subsection, a municipality to which Subsection (b) or (e) applies is entitled to receive all funds from a project described by Subsection (b) that an owner of a project may receive under Section 151.429(h) of this code, or Section 2303.5055, Government Code, and may pledge the funds for the payment of obligations issued under this section. A municipality described by Subsection (e) is not entitled to receive funds from a project under this subsection unless the municipality has pledged the revenue derived from the tax imposed under this chapter from the project for the payment of bonds or other obligations issued or incurred for the project.

(c-1) A municipality to which this subsection applies is

entitled to receive all funds from a hotel and convention center project that the owner of a project could receive under Section 151.429(h) of this code or Section 2303.5055, Government Code, if a project for purposes of those provisions included a hotel and convention center project. The municipality may pledge the funds for payment of obligations issued under this section for the hotel and convention center project. For purposes of this subsection, "hotel and convention center project" means a project that is an existing hotel owned by the municipality or another person and a convention center facility to be acquired, constructed, equipped, or leased, that will be located within 1,000 feet of the hotel, and that will be owned by or located on land owned by the municipality. This subsection applies only to a municipality that:

(1) is the county seat of a county that:

(A) borders the United Mexican States;

(B) has a population of less than 300,000; and

(C) contains one or more municipalities with a population of 200,000 or more; and

(2) holds an annual jalapeño festival.

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

(e) In addition to the municipalities described by Subsection (b), that subsection also applies to:

(1) a municipality with a population of at least 110,000 but not more than 135,000 at least part of which is located

in a county with a population of not more than 135,000;

(2) a municipality with a population of at least 9,000 but not more than 10,000 that is located in two counties, each of which has a population of at least 662,000 and a southern border with a county with a population of 2.3 million or more;

(3) a municipality with a population of at least 200,000 but not more than 300,000 that contains a component institution of the Texas Tech University System;

(4) a municipality with a population of at least 95,000 that borders Lake Lewisville;

(5) a municipality that:

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

(B) has a population of more than 45,000;

(C) is located in two counties, one of which has a population of more than two million and one of which has a population of more than 149,000; and

(D) has adopted a capital improvement plan for the construction or expansion of a convention center facility;

(6) a municipality with a population of less than 6,000 that:

(A) is located in two counties each with a population of 600,000 or more that are both adjacent to a county with a population of two million or more;

(B) has full-time police and fire departments;
and

(C) has adopted a capital improvement plan for the construction or expansion of a convention center facility;

(7) a municipality with a population of at least 56,000 that:

(A) borders Lake Ray Hubbard; and

(B) is located in two counties, one of which has a population of less than 80,000;

(8) a municipality with a population of more than 83,000, that borders Clear Lake, and that is primarily located in a county with a population of less than 300,000;

(9) a municipality with a population of less than 2,000 that:

(A) is located adjacent to a bay connected to the Gulf of Mexico;

(B) is located in a county with a population of 290,000 or more that is adjacent to a county with a population of four million or more; and

(C) has a boardwalk on the bay;

(10) a municipality with a population of 75,000 or more that:

(A) is located wholly in one county with a population of 575,000 or more that is adjacent to a county with a population of four million or more; and

(B) has adopted a capital improvement plan for the construction or expansion of a convention center facility;

(11) a municipality with a population of less than 75,000 that is located in three counties, at least one of which has a population of at least four million; and

(12) an eligible coastal municipality with a population of more than 3,000 but less than 5,000.

(f) A municipality described by Subsection (e)(3) that uses revenue derived from the tax imposed under this chapter or funds received under Subsection (c) for repayment of bonds or other obligations issued or incurred for a hotel project described by Subsection (b) may not, in a fiscal year that begins after construction of the hotel project is complete and during any part of which the bonds or other obligations are outstanding, reduce the amount of revenue derived from the tax imposed under this chapter and allocated for a purpose described by Section 351.101(a)(6) to an amount that is less than the sum of:

(1) the amount of the revenue derived from the tax imposed under this chapter and allocated by the municipality for a purpose described by Section 351.101(a)(6) during the fiscal year beginning October 1, 2016; and

(2) three percent of the amount of revenue derived from the tax imposed under this chapter during the fiscal year for which the amount required by this subsection is being determined.

(g) A municipality to which this section applies may not receive or pledge revenue or funds under Subsection (b) or (c) for a

hotel project unless the municipality enters into an agreement with a person for the development of the hotel project before September 1, 2019.

Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.

Amended by Acts 1993, 73rd Leg., ch. 231, Sec. 3, eff. Aug. 30, 1993; Acts 1997, 75th Leg., ch. 165, Sec. 30.274, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1004, Sec. 2, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 1308, Sec. 4, eff. June 16, 2001; Acts 2001, 77th Leg., ch. 1420, Sec. 8.365, eff. Sept. 1, 2001; Acts 2003, 78th Leg., ch. 209, Sec. 91, eff. Oct. 1, 2003.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 519 (S.B. [1207](#)), Sec. 1, eff. September 1, 2009.

Acts 2009, 81st Leg., R.S., Ch. 1087 (H.B. [4781](#)), Sec. 3, eff. June 19, 2009.

Acts 2009, 81st Leg., R.S., Ch. 1220 (S.B. [1247](#)), Sec. 4, eff. September 1, 2009.

Acts 2013, 83rd Leg., R.S., Ch. 490 (S.B. [1719](#)), Sec. 5, eff. June 14, 2013.

Acts 2015, 84th Leg., R.S., Ch. 227 (H.B. [1964](#)), Sec. 2, eff. May 29, 2015.

Acts 2017, 85th Leg., R.S., Ch. 50 (S.B. [345](#)), Sec. 1, eff. May 22, 2017.

Acts 2017, 85th Leg., R.S., Ch. 785 (H.B. [2445](#)), Sec. 8, eff. June 15, 2017.

Sec. 351.103. ALLOCATION OF REVENUE: GENERAL RULE. (a) At least 50 percent of the hotel occupancy tax revenue collected by a municipality with a population of 200,000 or greater must be allocated for the purposes provided by Section [351.101\(a\)\(3\)](#). For municipalities with a population of less than 200,000, allocations for the purposes provided by Section [351.101\(a\)\(3\)](#) are as follows:

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

(2) if the tax in a municipality exceeds three percent

of the cost of a room, not less than the amount of revenue received by the municipality from the tax at a rate of one percent of the cost of a room. This subsection does not apply to a municipality, regardless of population, that before October 1, 1989, adopted an ordinance providing for the allocation of an amount in excess of 50 percent of the hotel occupancy tax revenue collected by the municipality for one or more specific purposes provided by Section 351.101(a)(1) until the ordinance is repealed or expires or until the revenue is no longer used for those specific purposes in an amount in excess of 50 percent of the tax revenue.

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

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

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

(c) Not more than 15 percent of the hotel occupancy tax revenue collected by a municipality, other than a municipality having a population of more than 1.6 million, or the amount of tax received by the municipality at the rate of one percent of the cost of a room, whichever is greater, may be used for the purposes provided by Section 351.101(a)(4). Not more than 19.30 percent of the hotel occupancy tax revenue collected by a municipality having a population of more than 1.6 million, or the amount of tax received by the municipality at the rate of one percent of the cost of a room,

whichever is greater, may be used for the purposes provided by Section 351.101(a)(4). Not more than 15 percent of the hotel occupancy tax revenue collected by a municipality having a population of more than 125,000 may be used for the purposes provided by Section 351.101(a)(5).

(d) A municipality that does not allocate any hotel occupancy tax revenue for the purposes provided by Section 351.101(a)(1) may allocate not more than 50 percent of the hotel occupancy tax revenue collected by the municipality for the purposes provided by Section 351.101(a)(5). A municipality that before October 1, 1989, adopts an ordinance providing for the allocation of an amount in excess of 50 percent of the hotel occupancy tax revenue collected by the municipality for one or more specific purposes provided by Section 351.101(a)(5) may allocate the tax revenue as provided by that ordinance until the ordinance is repealed or expires or until the revenue is no longer used for those specific purposes.

(e) A municipality may use hotel occupancy tax revenue collected by the municipality for a purpose provided by Section 351.101(a)(1) only if the municipality complies with the applicable provisions of this section.

Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.
Amended by Acts 1989, 71st Leg., ch. 2, Sec. 14.24(b), eff. Aug. 28, 1989; Acts 1989, 71st Leg., ch. 1110, Sec. 6, eff. Oct. 1, 1989; Acts 1993, 73rd Leg., ch. 153, Sec. 1, eff. Aug. 30, 1993; Acts 1993, 73rd Leg., ch. 680, Sec. 5, eff. Sept. 1, 1993; Acts 2001, 77th Leg., ch. 1308, Sec. 5, eff. June 16, 2001.

Sec. 351.1035. ALLOCATION OF REVENUE: CERTAIN MUNICIPALITIES IN BORDER COUNTIES. (a) This section applies only to a municipality that is the largest municipality in a county described by Section 352.002(a)(14).

(b) At least 50 percent of the hotel occupancy tax revenue collected by a municipality described by Subsection (a) must be allocated for the purposes provided by Section 351.101(a)(3).

(c) Not more than 15 percent of the hotel occupancy tax revenue collected by a municipality described by Subsection (a) may

be used for the purposes provided by Section 351.101(a)(4).

(d) Not more than 15 percent of the hotel occupancy tax revenue collected by a municipality described by Subsection (a) may be used for the purposes provided by Section 351.101(a)(5).

Added by Acts 2003, 78th Leg., ch. 303, Sec. 2, eff. June 18, 2003.

For expiration of this section, see Subsection (f).

Sec. 351.1036. ALLOCATION OF REVENUE FOR AIRPORTS BY CERTAIN MUNICIPALITIES IN BORDER COUNTIES. (a) This section applies only to a municipality that is the county seat of a county that borders:

- (1) the United Mexican States;
- (2) a county described by Section 352.002(a)(7); and
- (3) a county described by Section 352.002(a)(14).

(b) Notwithstanding any other provision of this chapter, a municipality to which this section applies may use municipal hotel occupancy tax revenue to improve or expand an airport:

- (1) owned by the county in which the municipality is located;
- (2) located more than 150 miles from the nearest airport in this state with regularly scheduled commercial airline flights; and
- (3) substantially used for private air service that transports individuals staying at hotels in or near the municipality.

(c) A municipality to which this section applies may not use municipal hotel occupancy tax revenue to improve or expand an airport described by Subsection (b):

- (1) in an amount each fiscal year that exceeds 15 percent of the hotel occupancy tax revenue collected by the municipality during that year; or
- (2) in a total amount under this section that would exceed the amount of hotel revenue in the municipality that is likely to be reasonably attributable to guests traveling through the airport during the 15-year period beginning on the date the municipality first uses municipal hotel occupancy tax revenue to improve or expand the airport.

(d) A municipality to which this section applies may not use municipal hotel occupancy tax revenue to improve or expand an airport described by Subsection (b) after the 10th anniversary of the date the municipality first uses that revenue for that purpose.

(e) The governing body of a municipality shall retain sufficient control over revenue described by this section to ensure the revenue is used to benefit the municipality by improving or expanding an airport described by Subsection (b).

(f) This section expires December 31, 2032.
Added by Acts 2017, 85th Leg., R.S., Ch. 223 (S.B. 440), Sec. 1, eff. May 29, 2017.

Sec. 351.104. ALLOCATION OF REVENUE: CERTAIN MUNICIPALITIES BORDERING BAYS. (a) This section applies only to a home-rule municipality that borders a bay, that has a population of less than 80,000, and that is not an eligible coastal municipality.

(b) In this section:

(1) "Adjacent public land" means land that:

(A) is owned by this state or a local governmental entity; and

(B) is located adjacent to a bay that is bordered by a municipality to which this section applies.

(2) "Clean and maintain" means the collection and removal of litter and debris and the supervision and elimination of sanitary and safety conditions that would pose a threat to personal health or safety if not removed or otherwise corrected.

(c) Notwithstanding any other provision of this chapter and subject to Subsections (d) and (e), a municipality to which this section applies may use not more than 10 percent of the revenue derived from the tax imposed under this chapter:

(1) for a purpose described by Section 351.105(a)(1) or (2);

(2) to clean and maintain adjacent public land; or

(3) to mitigate coastal erosion on adjacent public land.

(d) A municipality to which this section applies may not reduce the amount of revenue that it uses for a purpose described by

Section 351.101(a)(3) to an amount that is less than the average amount of revenue used by the municipality for that purpose during the 36-month period that precedes the municipality's use of revenue under Subsection (c).

(e) A municipality that uses revenue from the tax imposed under this chapter for a purpose provided by this section must spend the same amount of revenue for the same purpose from a source other than that tax.

Acts 2003, 78th Leg., ch. 699, Sec. 1, eff. Sept. 1, 2003.

Sec. 351.105. ALLOCATION OF REVENUE: ELIGIBLE COASTAL MUNICIPALITIES. (a) An eligible coastal municipality that levies and collects an occupancy tax authorized by this chapter at a rate of seven percent shall pledge a portion of the revenue equal to at least one percent of the cost of a room to either or both of the following purposes:

(1) the payment of the bonds that the municipality or a park board of trustees may issue under Section 1504.002(a), Government Code, or under Chapter 306, Local Government Code, in order to provide all or part of the funds for the establishment, acquisition, purchase, construction, improvement, enlargement, equipment, or repair of public improvements, including parks, civic centers, civic center buildings, auditoriums, exhibition halls, coliseums, marinas, cruise ship terminal facilities, hotels, motels, parking facilities, golf courses, trolley or trolley transportation systems, and other facilities as may be considered advisable in connection with these facilities that serve the purpose of attracting visitors and tourists to the municipality; or

(2) the maintenance, improvement, or operation of the parks, civic centers, civic center buildings, auditoriums, exhibition halls, coliseums, marinas, cruise ship terminal facilities, hotels, motels, parking facilities, golf courses, trolley or trolley transportation systems, and other facilities as may be considered advisable in connection with these facilities that serve the purpose of attracting visitors and tourists to the municipality.

(b) If the tax authorized by this chapter is imposed by an eligible coastal municipality at a rate of four or more percent of the cost of a room, no lesser amount than the amount of revenue derived from the application of the tax at a rate of three percent of the cost of a room shall be used for the purpose provided by Section [351.101\(a\)\(3\)](#).

(c) If the tax authorized by this chapter is imposed by an eligible coastal municipality at a rate of five or more percent of the cost of a room, no lesser amount than the amount of revenue derived from the application of the tax at a rate of one percent shall be used for beach patrol, lifeguard services, marine water safety, and park law enforcement.

(d) If the tax authorized by this chapter is imposed by an eligible coastal municipality at a rate of six or more percent, no lesser amount than the amount of revenue derived from the application of the tax at a rate of one percent of the cost of a room shall be used as matching funds for state funds available to clean and maintain public beaches and for other public beach-cleaning funds.

(e) Money received under Section [156.2511](#) and used to clean and maintain beaches is included in determining whether the municipality has met the funding obligation prescribed by Subsections (c) and (d), and the municipality may credit that money against the funding requirements prescribed by Subsections (c) and (d).

(f) An eligible coastal municipality and a park board of trustees created by the municipality may:

(1) contract for the park board to use the tax authorized by this chapter as provided by this section; and

(2) without further authorization, use the tax authorized by this chapter as provided by this section, including for the purpose of issuing bonds or entering into other agreements.

(g) The following statutes prevail over any conflicting provision in the charter of an eligible coastal municipality:

(1) this section;

(2) Chapter [306](#), Local Government Code; and

(3) Subchapter A, Chapter [1504](#), Government Code.

Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.
Amended by Acts 1993, 73rd Leg., ch. 680, Sec. 6, eff. Sept. 1, 1993; Acts 1995, 74th Leg., ch. 76, Sec. 15.02, eff. Sept. 1, 1995; Acts 1995, 74th Leg., ch. 454, Sec. 7, eff. Sept. 1, 1995; Acts 1999, 76th Leg., ch. 298, Sec. 1, eff. May 29, 1999; Acts 2001, 77th Leg., ch. 1420, Sec. 8.367, eff. Sept. 1, 2001.

Sec. 351.1054. ALLOCATION OF REVENUE: ELIGIBLE BARRIER ISLAND COASTAL MUNICIPALITY. (a) In this section, "spacecraft" and "spaceport" have the meanings assigned by Section 507.001, Local Government Code.

(b) Notwithstanding any other provision of this chapter, an eligible barrier island coastal municipality may use revenue from the municipal hotel occupancy tax for:

(1) promotional and event expenses for an ecological tourism event, including an event for which the primary attraction is traveling to an area of natural or ecological interest for the purpose of observing and learning about wildlife and the area's natural environment, if:

(A) a majority of the event's participants are tourists; and

(B) the event substantially increases economic activity at hotels and motels within or in the vicinity of the municipality;

(2) expenses directly related to:

(A) the acquisition of sites to observe spacecraft and spaceport activities; and

(B) the construction, improvement, enlarging, equipping, repairing, operation, and maintenance of facilities utilized by hotel guests to observe and learn about spacecraft and spaceport operations; and

(3) expenses directly related to the construction, improvement, equipping, repairing, operation, and maintenance of coastal sports facilities owned by the municipality, including boat docks, boat ramps, and fishing piers used by hotel guests, if:

(A) the coastal sports facilities have been used in the preceding calendar year a combined total of more than five

times for district, state, regional, or national sports tournaments or events; and

(B) the majority of the events at the coastal sports facilities are directly related to a sports tournament or event in which the majority of participants are tourists who substantially increase economic activity at hotels within or in the vicinity of the municipality.

(c) A municipality may use for the purposes provided by Subsections (b)(1), (2), and (3) not more than the greater of:

(1) 15 percent of the hotel occupancy tax revenue collected by the municipality; or

(2) the amount of tax received by the municipality at the rate of one percent of the cost of a room.

Added by Acts 2015, 84th Leg., R.S., Ch. 540 (H.B. 1717), Sec. 1, eff. June 16, 2015.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 616 (H.B. 4029), Sec. 1, eff. June 12, 2017.

Acts 2017, 85th Leg., R.S., Ch. 616 (H.B. 4029), Sec. 2, eff. June 12, 2017.

Sec. 351.1055. ALLOCATION OF REVENUE: CERTAIN MUNICIPALITIES. (a) In this section:

(1) "Clean and maintain" has the meaning assigned by Section 61.063, Natural Resources Code.

(2) "Public beach" has the meaning assigned by Section 61.001, Natural Resources Code.

(3) "Beach security" means beach patrol, lifeguard services, marine water safety, and park law enforcement.

(4) "Erosion response project" has the meaning assigned by Section 33.601, Natural Resources Code.

(b) Notwithstanding any other provision of this chapter, a home-rule municipality that borders on the Gulf of Mexico and has a population of more than 250,000 may use all or any portion of the revenue derived from the municipal hotel occupancy tax from hotels in an area previously subject to a county hotel occupancy tax and located on an island bordering the Gulf of Mexico to clean and

maintain public beaches in the municipality.

(c) Notwithstanding any other provision of this chapter, a municipality that has a population of less than 5,000 adjacent to a home-rule city with a population of less than 80,000 may use all or any portion of the revenue heretofore or hereafter derived from the municipal hotel tax:

(1) to clean and maintain the beaches in the municipality;

(2) to provide beach security within the municipality;

(3) for any of the purposes permitted or allowed by Section 1504.001, Government Code;

(4) for any purpose allowed by Section 351.105; or

(5) to pay the principal of or interest on bonds or notes issued for any of these purposes.

(d) Notwithstanding any other provision of this chapter and except as provided by Subsection (e), an eligible barrier island coastal municipality shall use at least the amount of revenue derived from the application of the tax at a rate of seven percent of the cost of a room for the purposes authorized under Sections 351.101(a)(1) and (3) and Sections 351.1054(b)(1) and (2). If an eligible barrier island coastal municipality uses hotel occupancy tax revenue for a purpose described by Section 351.1054(b)(2), the municipality may not reduce the amount of revenue that is used for purposes described by Section 351.101(a)(3) to an amount that is less than the average amount of revenue used by the municipality for purposes described by Section 351.101(a)(3) during the 36-month period that precedes the municipality's first use of revenue for a purpose described by Section 351.1054(b)(2).

(e) An eligible barrier island coastal municipality that imposes the tax at a rate equal to or greater than 7-1/2 percent of the price paid for a room shall use at least the amount of revenue derived from the application of the tax at a rate of one-half of one percent of the cost of a room for erosion response projects.

Added by Acts 1999, 76th Leg., ch. 1359, Sec. 3, eff. Sept. 1, 1999.

Amended by Acts 2003, 78th Leg., ch. 117, Sec. 1, eff. July 1, 2003;

Acts 2003, 78th Leg., ch. 247, Sec. 1, eff. Sept. 1, 2003.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 1271 (H.B. [1324](#)), Sec. 3, eff. June 19, 2009.

Acts 2009, 81st Leg., R.S., Ch. 1271 (H.B. [1324](#)), Sec. 4, eff. June 19, 2009.

Acts 2015, 84th Leg., R.S., Ch. 540 (H.B. [1717](#)), Sec. 2, eff. June 16, 2015.

Sec. 351.106. ALLOCATION OF REVENUE: POPULOUS MUNICIPALITIES WITH COUNCIL-MANAGER GOVERNMENT. (a) A municipality that has a population of 1.18 million or more, is located predominantly in a county that has a total area of less than 1,000 square miles, and that has adopted a council-manager form of government shall use the amount of revenue from the tax that is derived from the application of the tax at a rate of more than four percent of the cost of a room as follows:

(1) no more than 55 percent to:

(A) constructing, improving, enlarging, equipping, and repairing the municipality's convention center complex; or

(B) pledging payment of revenue bonds and revenue refunding bonds issued under Subchapter A, Chapter [1504](#), Government Code, for the municipality's convention center complex; and

(2) at least 45 percent for the purposes provided by Section [351.101\(a\)\(3\)](#).

(b) Revenue received by a municipality described by Subsection (a) from the application of the tax at a rate of four percent or less may be used as provided by Section [351.101](#).

(c) A municipality to which this section applies:

(1) is entitled to receive in the same manner all funds and revenue that a municipality to which Section [351.1015](#) applies may receive under that section; and

(2) may pledge the funds and revenue for the payment of obligations incurred for the construction of qualified projects authorized under that section.

Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.

Amended by Acts 1989, 71st Leg., ch. 2, Sec. 14.23(b), eff. Aug. 28, 1989; Acts 1991, 72nd Leg., ch. 597, Sec. 108, eff. Sept. 1, 1991;

Acts 2001, 77th Leg., ch. 669, Sec. 123, 124, eff. Sept. 1, 2001;
Acts 2001, 77th Leg., ch. 1420, Sec. 8.368, eff. Sept. 1, 2001.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1163 (H.B. 2702), Sec. 121,
eff. September 1, 2011.

Acts 2013, 83rd Leg., R.S., Ch. 1330 (S.B. 660), Sec. 2, eff.
June 14, 2013.

Sec. 351.1065. ALLOCATION OF REVENUE: ELIGIBLE CENTRAL MUNICIPALITY. (a) An eligible central municipality shall use the amount of revenue from the tax that is derived from the application of the tax at a rate of more than seven percent of the cost of a room only for:

(1) the construction of an expansion of an existing convention center facility;

(2) a qualified project to which Section 351.1015 applies; and

(3) pledging payment of revenue bonds and revenue refunding bonds issued under Subchapter A, Chapter 1504, Government Code, for the construction or qualified project.

(b) Any interest income derived from the application of the tax at a rate of more than seven percent of the cost of a room may be used only for the purposes provided by this section.

(c) An eligible central municipality expending tax revenue under this section shall attempt to include minority-owned businesses in the issuance of at least 32 percent of the total dollar value of the bonds issued, and in at least 32 percent of the total fees paid by the issuer, in connection with the construction. Added by Acts 1993, 73rd Leg., ch. 620, Sec. 3, eff. Aug. 30, 1993. Amended by Acts 2001, 77th Leg., ch. 1420, Sec. 8.369, eff. Sept. 1, 2001.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 127 (S.B. 748), Sec. 2, eff. September 1, 2013.

Sec. 351.1066. ALLOCATION OF REVENUE: CERTAIN MUNICIPALITIES. (a) This section applies only to:

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

(2) a municipality with a population of at least 2,900 but less than 3,500 that is the county seat of a county with a population of less than 22,000 that is bordered by the Trinity River and includes a state park and a portion of a wildlife management area;

(3) a municipality with a population of at least 7,500 that is located in a county that borders the Pecos River and that has a population of not more than 15,000;

(4) a municipality with a population of not more than 5,000 that is located in a county through which the Frio River flows and an interstate highway crosses, and that has a population of at least 15,000; and

(5) a municipality with a population of not less than 7,500 that is located in a county with a population of not less than 40,000 but less than 250,000 that is adjacent to a county with a population of less than 750.

(b) Notwithstanding any other provision of this chapter, a municipality to which this section applies may use all or any portion of the revenue derived from the municipal hotel occupancy tax for:

(1) the construction, enlarging, equipping, improvement, maintenance, repairing, and operation of a recreational facility to substantially enhance hotel activity and encourage tourism; and

(2) the construction, enlarging, equipping, improvement, maintenance, repairing, and operation of an arena used for rodeos, livestock shows, and agricultural expositions to substantially enhance hotel activity and encourage tourism.

(c) A municipality to which this section applies may not use municipal hotel tax revenue to construct or expand a facility described by Subsection (b) in an amount that would exceed the amount of hotel revenue in the area that is likely to be reasonably attributable to events held at that facility during the 15-year

period beginning on the date the construction or expansion is completed.

(d) An independent analyst or consultant hired by the municipality must make the projection required by Subsection (c).

(e) A municipality that uses municipal hotel occupancy tax revenue under this section shall annually prepare a report that describes:

(1) the events held during the preceding year at each facility that received municipal hotel occupancy tax revenue from the municipality during that year; and

(2) the number of hotel room nights, hotel revenue, and municipal hotel occupancy tax revenue attributable to those events.

Added by Acts 2011, 82nd Leg., R.S., Ch. 751 (H.B. 1315), Sec. 1, eff. June 17, 2011.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 666 (H.B. 3772), Sec. 2, eff. June 17, 2015.

Sec. 351.1067. ALLOCATION OF REVENUE; CERTAIN MUNICIPALITIES. (a) This section applies only to a municipality that has a population of at least 190,000, no part of which is located in a county with a population of at least 150,000.

(b) Notwithstanding any other provision of this chapter, a municipality to which this section applies may use revenue from the municipal hotel occupancy tax to conduct an audit of a person in the municipality required to collect the tax authorized by this chapter, provided that the municipality use the revenue to audit not more than one-third of the total number of those persons in any fiscal year.

Added by Acts 2013, 83rd Leg., R.S., Ch. 939 (H.B. 1662), Sec. 1, eff. June 14, 2013.

Added by Acts 2013, 83rd Leg., R.S., Ch. 944 (H.B. 1724), Sec. 3, eff. September 1, 2013.

Sec. 351.1068. ALLOCATION OF REVENUE FOR SPORTS FACILITIES BY CERTAIN MUNICIPALITIES. (a) This section applies only to a

municipality that is the county seat of a county that:

- (1) is located on the Texas-Mexico border;
- (2) has a population of 500,000 or more; and
- (3) is adjacent to two or more counties, each of which has a population of 50,000 or more.

(b) A municipality to which this section applies may use revenue derived from the municipal hotel occupancy tax to construct, maintain, or expand a sporting-related facility or sporting-related field on property owned by the municipality, provided the municipality's sports facilities and fields have been used in the preceding calendar year a combined total of more than 10 times for district, state, regional, or national sports tournaments, games, or events.

(c) A municipality to which this section applies that uses revenue derived from the municipal hotel occupancy tax for a purpose described by Subsection (b):

- (1) shall determine the amount of municipal hotel occupancy tax revenue generated for the municipality by hotel activity attributable to the sports tournaments, games, and events held on the newly constructed, enhanced, or upgraded facilities or fields for 10 years after the date the construction, enhancements, or upgrades are completed; and

- (2) may not spend municipal hotel occupancy tax revenue for the construction, enhancement, or upgrading of the facilities or fields in a total amount that exceeds the amount of area hotel revenue attributable to the construction, enhancements, or upgrades.

(d) A municipality to which this section applies shall reimburse from the municipality's general fund any expenditure in excess of the amount of area hotel revenue attributable to the construction, enhancements, or upgrades to the municipality's hotel occupancy tax revenue fund.

(e) If a municipality to which this section applies uses revenue derived from the municipal hotel occupancy tax for a purpose described by Subsection (b), the municipality may not reduce the percentage of revenue from that tax allocated for a purpose described by Section [351.101\(a\)\(3\)](#) to a percentage that is

less than the average percentage of that revenue allocated by the municipality for that purpose during the 36-month period preceding the date the municipality begins using the revenue for a purpose described by Subsection (b).

Added by Acts 2017, 85th Leg., R.S., Ch. 227 (S.B. 1136), Sec. 1, eff. May 29, 2017.

Sec. 351.107. ALLOCATION OF REVENUE; CERTAIN LARGE COASTAL MUNICIPALITIES. (a) This section applies only to a municipality that borders on the Gulf of Mexico and has a population of more than 250,000.

(b) A municipality to which this section applies shall separately account for all revenue derived from the application of the tax imposed by this chapter at a rate of more than seven percent of the cost of a room.

(c) Subject to Subsection (e), revenue described by Subsection (b) may be used only for:

(1) acquiring land for a municipally owned convention center;

(2) constructing, improving, enlarging, equipping, repairing, operating, and maintaining a municipally owned convention center; and

(3) paying bonds used to finance activities described by Subdivision (1) or (2).

(d) For the purpose of the allocation of revenue under Section 351.103, revenue described by Subsection (b) is not counted.

(e) Notwithstanding any other provision of this chapter, a municipality to which this section applies may use all or any portion of the revenue derived from the municipal hotel occupancy tax from hotels in an area previously subject to a county hotel occupancy tax and located on an island bordering the Gulf of Mexico to clean and maintain public beaches in the municipality.

(f) In this section:

(1) "Clean and maintain" has the meaning assigned by Section 61.063, Natural Resources Code.

(2) "Public beach" has the meaning assigned by Section

61.001, Natural Resources Code.

Added by Acts 1999, 76th Leg., ch. 825, Sec. 2, eff. June 18, 1999.

Amended by Acts 2003, 78th Leg., ch. 117, Sec. 2, eff. July 1, 2003.

Sec. 351.1071. ALLOCATION OF REVENUE: CERTAIN MUNICIPALITIES. (a) This section applies only to a municipality:

(1) that has a population of not more than 5,000; and
(2) at least part of which is located less than one-eighth of one mile from a space center operated by an agency of the federal government.

(b) In this section, "authorized facility" means a civic center, marina, meeting room, hotel, parking facility, or visitor center, including signage related to the facility, that:

(1) is owned by the municipality or a nonprofit corporation acting on behalf of the municipality;

(2) is located not more than 1,000 feet from a hotel property in the municipality; and

(3) substantially enhances hotel activity and encourages tourism within the municipality.

(c) Subject to Subsection (d) and notwithstanding any other provision of this chapter, a municipality to which this section applies may use the amount of revenue derived from the application of the tax under this chapter at a rate of three percent of the price paid for a room in a hotel to:

(1) establish, acquire, purchase, construct, improve, maintain, or operate an authorized facility; and

(2) pay bonds issued for a purpose described by Subdivision (1).

(d) A municipality may not use municipal hotel occupancy tax revenue on an authorized facility in a total amount that would exceed the amount of hotel revenue attributable to events at that facility for the 15-year period following the completion of construction.

(e) A municipality that uses municipal hotel occupancy tax revenue for a purpose authorized by this section shall publish annually for the 15-year period following the completion of construction at the authorized facility for which the revenue was

used a report on the Internet website of the municipality that lists:

(1) for the preceding year, the events held at the authorized facility with respect to which the tax revenue was used and the number of hotel room nights attributable to those events; and

(2) the amount of hotel revenue and municipal hotel occupancy tax revenue attributable to events held at the authorized facility in that year.

(f) If a municipality uses municipal hotel occupancy tax revenue to establish, acquire, purchase, construct, or improve an authorized facility, the municipality shall, on the 5th, 10th, and 15th anniversaries of the completion of construction at the facility:

(1) calculate:

(A) the sum of:

(i) municipal hotel occupancy tax revenue used to maintain or operate the facility in the past five years;

(ii) one-third of the amount of municipal hotel occupancy tax revenue used to establish, acquire, purchase, construct, or improve the authorized facility; and

(iii) any credits carried over from a previous five-year period, as authorized by Subsection (g); and

(B) hotel revenue directly attributable to events held at the authorized facility in the past five years; and

(2) if the amount calculated under Subdivision (1)(A) exceeds the amount calculated under Subdivision (1)(B), reimburse the municipality's hotel occupancy tax revenue fund from the municipality's general fund in the amount of the difference.

(g) If, for a given five-year period, the amount calculated under Subsection (f)(1)(B) exceeds the amount calculated under Subsection (f)(1)(A), the municipality may carry forward the difference to be used as a credit in a subsequent five-year period. Added by Acts 2015, 84th Leg., R.S., Ch. 970 (H.B. [1585](#)), Sec. 2, eff. September 1, 2015.

Sec. 351.10711. ALLOCATION OF REVENUE FOR MAINTENANCE,

ENHANCEMENT, AND UPGRADE OF SPORTS FACILITIES AND FIELDS BY CERTAIN MUNICIPALITIES. (a) This section applies only to a municipality that is the county seat of a county that has a population of more than 10,000 and contains a portion of Mound Lake.

(b) In addition to other authorized uses, a municipality to which this section applies may use revenue derived from the tax imposed under this chapter to promote tourism by maintaining, enhancing, or upgrading sports facilities or fields, provided that:

(1) the requirements of Section [351.1076](#) are met if the municipality uses the revenue to enhance or upgrade a sports facility or field;

(2) the municipality owns the sports facilities or fields; and

(3) the sports facilities and fields have been used, in the preceding calendar year, a combined total of more than 10 times for district, state, regional, or national sports tournaments.

(c) A municipality that uses revenue derived from the tax imposed under this chapter as authorized by Subsection (b) may not reduce the percentage of revenue from the tax imposed under this chapter and allocated for a purpose described by Section [351.101\(a\)\(3\)](#) to a percentage that is less than the average percentage of that revenue allocated by the municipality for that purpose during the 36-month period preceding the date the municipality begins using the revenue as authorized by Subsection (b).

Added by Acts 2017, 85th Leg., R.S., Ch. 650 (S.B. [2056](#)), Sec. 1, eff. June 12, 2017.

Added by Acts 2017, 85th Leg., R.S., Ch. 785 (H.B. [2445](#)), Sec. 9, eff. June 15, 2017.

Sec. 351.1075. ALLOCATION OF REVENUE FOR THE ARTS BY CERTAIN MUNICIPALITIES. (a) This section applies only to a municipality:

(1) a portion of which is designated as a cultural arts district; and

(2) that is the county seat of a county:

(A) described by Section [352.002\(a\)\(6\)](#);

(B) with a population of less than 50,000; and

(C) that includes a state park and a national wildlife refuge.

(b) Notwithstanding any other provision of this chapter and subject to Subsection (c)(1), a municipality to which this section applies may use not more than 30 percent of the revenue derived from the municipal hotel occupancy tax for the purposes provided by Section 351.101(a)(4).

(c) A municipality to which this section applies that spends more than 15 percent of the hotel occupancy tax revenue collected by the municipality in a fiscal year for the purposes provided by Section 351.101(a)(4):

(1) may not in that fiscal year reduce the percentage of hotel occupancy tax revenue that the municipality spends for the purposes described by Section 351.101(a)(3) to a percentage that is less than the average percentage of hotel occupancy tax revenue spent by the municipality for those purposes during the 36-month period preceding that fiscal year; and

(2) shall determine for that fiscal year:

(A) the increase in the amount of hotel revenue that is attributable to that expenditure; and

(B) the total amount of hotel occupancy tax revenue spent by the municipality for the purposes provided by Section 351.101(a)(4).

(d) If the amount of money determined under Subsection (c)(2)(A) is less than the amount of money determined under Subsection (c)(2)(B), the municipality shall reimburse the municipality's hotel occupancy tax revenue fund from the municipality's general fund an amount equal to 50 percent of the difference between those determined amounts.

Added by Acts 2017, 85th Leg., R.S., Ch. 321 (H.B. 1494), Sec. 1, eff. June 1, 2017.

Sec. 351.1076. ALLOCATION OF REVENUE: CERTAIN MUNICIPALITIES. (a) A municipality that spends municipal hotel occupancy tax revenue for the enhancement and upgrading of existing sports facilities or fields as authorized by Section 351.101(a)(7)

or (n) or Section [351.10711](#):

(1) shall determine the amount of municipal hotel occupancy tax revenue generated for the municipality by hotel activity attributable to the sports events and tournaments held on the enhanced or upgraded facilities or fields for five years after the date the enhancements and upgrades are completed; and

(2) may not spend hotel occupancy tax revenue for the enhancement and upgrading of the facilities or fields in a total amount that exceeds the amount of area hotel revenue attributable to the enhancements and upgrades.

(b) The municipality shall reimburse from the municipality's general fund any expenditure in excess of the amount of area hotel revenue attributable to the enhancements and upgrades to the municipality's hotel occupancy tax revenue fund.

Added by Acts 2005, 79th Leg., Ch. 1247 (H.B. [1734](#)), Sec. 2, eff. June 18, 2005.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 453 (S.B. [942](#)), Sec. 2, eff. June 9, 2017.

Acts 2017, 85th Leg., R.S., Ch. 650 (S.B. [2056](#)), Sec. 2, eff. June 12, 2017.

Acts 2017, 85th Leg., R.S., Ch. 785 (H.B. [2445](#)), Sec. 10, eff. June 15, 2017.

For expiration of this section, see Subsection (g).

Sec. 351.1077. ALLOCATION OF REVENUE FOR THE ARTS FOR CERTAIN MUNICIPALITIES. (a) This section applies only to a municipality that:

(1) has a population of more than 190,000;

(2) is located in a county in which another municipality that has a population of more than one million is predominately located; and

(3) issued bonds before January 1, 2007, for the construction of a municipal arts center payable from and secured by revenue from the tax imposed under this chapter.

(b) Notwithstanding any other provision of this chapter, a municipality to which this section applies may use an amount that is

less than or equal to 15 percent of the hotel occupancy tax revenue collected by the municipality for the purposes provided by Section [351.101\(a\)\(4\)](#).

(c) Notwithstanding any other provision of this chapter, a municipality to which this section applies may use an amount that is less than or equal to an additional \$1.6 million in hotel occupancy tax revenue collected by the municipality for the purposes provided by Section [351.101\(a\)\(4\)](#). The \$1.6 million is in addition to the 15 percent amount allowed by Subsection (b).

(d) A municipality to which this section applies may not reduce the amount of revenue that an arts center that receives funds under Subsection (b) spends for a purpose described by Section [351.101\(a\)\(3\)](#) to an amount that is less than the amount of revenue spent by the arts center for those purposes during the fiscal year of the arts center preceding the effective date of this section. If the municipality reduces the funding of the arts center under Subsection (b), the art center's required funding amount for purposes described by Section [351.101\(a\)\(3\)](#) is also reduced by a proportional amount.

(e) An arts center that receives funds under Subsection (b) shall include a website address that contains a link to area hotels and lodging options in the municipality on all materials produced for the purposes of Section [351.101\(a\)\(3\)](#).

(f) A municipality that spends more than 15 percent of the hotel occupancy tax revenue collected by the municipality in a fiscal year for a purpose described by Section [351.101\(a\)\(4\)](#) may not in that fiscal year reduce the percentage of hotel occupancy tax revenue that the municipality spends for a purpose described by Section [351.101\(a\)\(3\)](#) to a percentage that is less than the percentage of hotel occupancy tax revenue spent by the municipality for that purpose during the municipality's 2011-2012 fiscal year.

(g) This section expires September 1, 2026.

Added by Acts 2007, 80th Leg., R.S., Ch. 14 (S.B. [462](#)), Sec. 1, eff. April 25, 2007.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 1097 (H.B. [3643](#)), Sec. 1, eff. September 1, 2013.

Sec. 351.1078. ALLOCATION OF REVENUE: CERTAIN MUNICIPALITIES. (a) A municipality that spends municipal hotel occupancy tax revenue as authorized by Section 351.101(i) or (o):

(1) may not use municipal hotel occupancy tax revenue for the acquisition of land for the sporting related facility or sports field described by that subsection;

(2) shall annually determine and prepare and publish on the municipality's Internet website a report on the events held at the facility or field, the number of hotel room nights attributable to events held at the facility or field, and the amount of hotel revenue and municipal tax revenue attributable to the sports events and tournaments held at the facility or field for five years after the date the construction expenditures are completed; and

(3) may only spend hotel occupancy tax revenue for operational expenses of the facility or field if the costs are directly related to a sporting event in which the majority of participants are tourists who substantially increase economic activity at hotels in or near the municipality.

(a-1) The report described by Subsection (a)(2) shall be made accessible through a link that appears in a prominent place on the municipality's Internet website.

(b) The municipality shall reimburse to the municipality's hotel occupancy tax revenue fund from the municipality's general fund any expenditure in excess of the amount of area hotel revenue attributable to sporting events held at the sporting related facility or sports field described by Section 351.101(i) or (o) for five years after the date the construction or expansion of the facility or field described by that subsection is completed.

(c) At least annually, a municipality to which this section applies shall compare the area hotel revenue that is attributable to sporting events held at the sporting related facility or sports field described by Section 351.101(i) to the projected annual amount of that revenue anticipated by the municipality to be generated as a result of the construction or expansion of the facility or field. If area hotel revenue attributable to sporting

events held at the facility or field is less than the projected amount, the municipality shall, as soon as practicable, develop and implement a plan to increase that revenue.

Added by Acts 2015, 84th Leg., R.S., Ch. 665 (H.B. 3629), Sec. 2, eff. June 17, 2015.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 617 (H.B. 4187), Sec. 1, eff. June 12, 2017.

Acts 2017, 85th Leg., R.S., Ch. 785 (H.B. 2445), Sec. 11, eff. June 15, 2017.

Sec. 351.1079. ALLOCATION OF REVENUE FOR SPORTS FACILITIES AND FIELDS BY CERTAIN MUNICIPALITIES. (a) This section applies only to a municipality that has a population of at least 6,000 and that is the county seat of a county that:

- (1) borders the State of Louisiana;
- (2) is bisected by a United States highway; and
- (3) has a population of 75,000 or less.

(b) Notwithstanding any other provision of this chapter and subject to Subsection (c), a municipality to which this section applies may use all or any portion of the revenue derived from the municipal hotel occupancy tax to construct, improve, maintain, and operate sports facilities and fields for the purpose of promoting tourism and the convention and hotel industry.

(c) A municipality to which this section applies may use revenue derived from the municipal hotel occupancy tax to:

(1) maintain or operate sports facilities and fields only if the conditions specified by Sections 351.101(a)(7)(A) and (C) are met; and

(2) improve a sports facility or field only if the requirements of Sections 351.101(a)(7)(A) and (C) are met and the municipality complies with Section 351.1076.

Added by Acts 2017, 85th Leg., R.S., Ch. 221 (H.B. 3484), Sec. 1, eff. May 29, 2017.

Sec. 351.108. RECORDS. (a) A municipality shall maintain a record that accurately identifies the receipt and expenditure of

all revenue derived from the tax imposed under this chapter.

(b) A municipality or entity that spends revenue derived from the tax imposed under this chapter shall, before making an expenditure, specify in a list each scheduled activity, program, or event that:

(1) is directly funded by the tax or has its administrative costs funded in whole or in part by the tax; and

(2) is directly enhancing and promoting tourism and the convention and hotel industry.

(c) If a municipality delegates to another entity the management or supervision of an activity or event funded by the tax imposed under this chapter, each entity that is ultimately funded by the tax shall, before making an expenditure, specify in a list each scheduled activity, program, or event that:

(1) is directly funded by the tax or has its administrative costs funded in whole or in part by the tax; and

(2) is directly enhancing and promoting tourism and the convention and hotel industry.

(d) The list required in Subsections (b) and (c) should be provided to the office of the city secretary or to the city secretary's designee.

(e) Subsections (b) and (c) do not prevent a municipality or funded entity from subsequently adding an activity, program, or event to the list required by those subsections if the activity, program, or event is directly enhancing and promoting tourism and the convention and hotel industry.

(f) This section does not prevent a municipality or entity receiving revenue from the tax imposed under this chapter from setting aside tax revenue in a designated reserve fund for use in supporting planned activities, future events, and facility improvements that are directly enhancing and promoting tourism and the convention and hotel industry.

(g) Subsections (b) and (c) do not apply if the funded entity already provides written information to the municipality that indicates which scheduled activities, programs, or events offered by the entity are directly enhancing and promoting tourism and the convention and hotel industry.

(h) Subsections (b) and (c) do not affect the level of local hotel occupancy tax funding that was approved at an election held pursuant to the initiative and referendum provisions of a city charter, and do not prohibit the use of local hotel occupancy tax for the encouragement, promotion, improvement, and application of the arts or for historical restoration and preservation as otherwise provided by this chapter.

Added by Acts 1999, 76th Leg., ch. 495, Sec. 2, eff. Sept. 1, 1999; Acts 1999, 76th Leg., ch. 1467, Sec. 2.73, eff. Oct. 1, 1999. Renumbered from Sec. 351.107 and amended by Acts 2001, 77th Leg., ch. 636, Sec. 1, eff. Sept. 1, 2001; Acts 2001, 77th Leg., ch. 1420, Sec. 21.001(101), eff. Sept. 1, 2001.

Sec. 351.110. ALLOCATION OF REVENUE FOR CERTAIN TRANSPORTATION SYSTEMS. (a) Notwithstanding any other provision of this chapter, a municipality may use the revenue derived from the tax imposed under this chapter for a transportation system to transport tourists from hotels in and near the municipality to:

- (1) the commercial center of the municipality;
- (2) a convention center in the municipality;
- (3) other hotels in or near the municipality; and
- (4) tourist attractions in or near the municipality.

(b) The transportation system that transports tourists as described by Subsection (a) may be:

- (1) owned and operated by the municipality; or
- (2) privately owned and operated but partially financed by the municipality.

(c) This section does not authorize the use of revenue derived from the tax imposed under this chapter for a transportation system that serves the general public other than for a system that transports tourists as described by Subsection (a).

Added by Acts 2007, 80th Leg., R.S., Ch. 1231 (H.B. 2438), Sec. 1, eff. June 15, 2007.