

CHAPTER 620

H.B. No. 1264

AN ACT

relating to the rate at which certain municipalities may impose the hotel occupancy tax and to the use of the revenue from the tax.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Section 351.001, Tax Code, is amended by adding Subdivision (8) to read as follows:

(8) "*Eligible central municipality*" means a municipality with a population of more than 850,000 that has adopted a capital improvement plan for the expansion of an existing convention center facility.

SECTION 2. Section 351.003, Tax Code, is amended by adding Subsection (c) to read as follows:

(c) *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 351.1015 or 351.106 applies.*

SECTION 3. Subchapter B, Chapter 351, Tax Code, is amended by adding Section 351.1065 to read as follows:

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; and

(2) pledging payment of revenue bonds and revenue refunding bonds issued under Chapter 63, Acts of the 59th Legislature, Regular Session, 1965 (Article 1269j-4.1, Vernon's Texas Civil Statutes), for the construction of the expansion.

(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.

SECTION 4. If on or after the effective date of this Act a municipality increases the rate of the tax authorized by Section 351.003(c), Tax Code, as added by this Act, the increased tax rate does not apply to the tax imposed on the use or possession of a room under a contract executed before the effective date of this Act 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. The tax rate applicable to the use or possession of a room under the contract is the rate in effect when the contract was executed, and the law governing that rate is continued in effect for that purpose.

SECTION 5. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force from and after its passage, and it is so enacted.

Passed by the House on April 19, 1993, by a non-record vote; passed by the Senate on May 20, 1993: Yeas 31, Nays 0.

Approved May 31, 1993.

Effective Aug. 30, 1993, 90 days after date of adjournment.