

BILL ANALYSIS

S.B. 1044
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Land & Resource Management
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The Texas coast suffers from one of the highest rate of coastal erosion in the country. The need for healthy, full beaches is necessary for maintaining wildlife, protecting homes along the shore, and the encouragement of tourism, which many coastal communities depend upon for their tax base.

The purpose of S.B. 1044 is to provide funding for qualified coastal projects to mitigate coastal erosion. The bill creates the Coastal Protection and Improvement Fund administered by the commissioner of the General Land Office (GLO). The bill directs the comptroller to deposit a portion of the collections from the hotel occupancy tax received from coastal counties beginning September 1, 2007, into the fund. Currently, the twelve costal counties collect \$384.5 million from the hotel occupancy tax. Funds from the Coastal Protection and Improvement Fund will be used for "qualified projects" as determined by the GLO.

RULEMAKING AUTHORITY

It is the opinion of the committee that this bill does not expressly grant any additional rulemaking authority to a state office, department, agency, or institution.

ANALYSIS

SECTION 1. Creates legislative findings regarding coastal erosion in Texas.

SECTION 2. *Amends Chapter 33, Natural Resources Code, by adding Subchapter I, as follows:*

Defines numerous terms ("Bond," "Coastal county," "Coastal erosion," "Coastal improvement project," "Coastal protection project," "Coastal protection and improvement fund," "County coastal protection and improvement fund," "Project cost," "Public beach," "Qualified agreement," "Qualified payment" and "Qualified project").

Provides that certain municipalities in coastal counties are covered by the provisions in the new subchapter.

Creates the Coastal Protection and Improvement Fund as a trust fund held by the Texas Treasury Safekeeping Trust Company.

Requires the comptroller to deposit into the fund money collected in coastal counties from the hotel occupancy tax collected at a rate of 4%.

Requires the commissioner to allocate 5% of the fund to administration costs **and** the coastal monitoring program **and** the sea turtle and shore monitoring programs.

Requires the commissioner to allocate 95% of the fund to coastal counties under the new subchapter.

Authorizes the fund to be used for certain coastal projects and under certain conditions and circumstances.

Creates a County Coastal Protection and Improvement Fund in each coastal county.

Requires counties to use money in its fund to pay project costs.

States the requirements for a project to be eligible for funding.

Authorizes the GLO and a coastal county to enter into agreements related to a qualified project and project costs.

Specifies the requirements, duties of parties, and limitations regarding qualified payments.

Requires the commissioner to make qualified payments to a coastal county based on GLO's estimate of the expected project costs in the fiscal year in which the payment is made.

Requires the commissioner to recover overpayments when a qualified payment to a coastal county exceeds the project costs of projects undertaken by the county during that year. Creates exceptions.

Prohibits a coastal county from using qualified payment as a local match for funding under a state program, but authorizes such money to be used as a local match for funding under a federal program.

Specifies the requirements, duties of parties, and limitations regarding equalization payments (a system by which each coastal county is allocated funds regardless of the revenue raised in the county by the hotel occupancy tax).

Establishes the general powers of coastal counties.

A coastal county has all the rights, powers, privileges, authority, and functions that are necessary or convenient to plan and complete a qualified project **and** to fund a reserve or other fund relating to bonds.

Authorizes a coastal county to issue bonds to pay for project costs.

A coastal county may do anything necessary, convenient, or desirable to carry out the powers expressly granted or implied by this subchapter.

Authorizes a coastal county to contract with the United States, this state, or a political subdivision of this state to implement a qualified project.

Authorizes a coastal county to enter into a contract, lease, or agreement with or make or accept grants and loans to or from the United States, this state, a political subdivision of the state, a corporation or any other person.

Authorizes a coastal county to pay project costs from general or available funds, payments received from the GLO, contract reserves, ad valorem taxes, sales taxes, the proceeds of bonds, or any combination of those funds.

Authorizes bonds issued by a coastal county under this subchapter to be purchased by the Texas Water Development Board.

SECTION 3. *Amends Subchapter F, Chapter 156, Tax Code, by adding Section 156.2513, as follows:*

Requires the comptroller from September 1, 2007 on to compute the amount of revenue from the collection of hotel occupancy taxes at a rate of 4% received from hotels in coastal counties and then deposit it into the Coastal Protection and Improvement Fund.

SECTION 4. Transition Clause.

SECTION 5. Effective Date.

EFFECTIVE DATE

Effective date is September 1, 2005, or immediately if approved by two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution.