

## **BILL ANALYSIS**

C.S.H.B. 4360  
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Business & Industry  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Under current law, a municipality or county may not use revenue derived from oil and gas leases on municipal or county-owned properties to construct or renovate a venue that is part of an approved venue project. If the governing body of a municipality or county orders an election on the question of approving a venue project, current law would not allow the municipality or county the option of including oil and gas revenues from municipal or county-owned properties as a financing method for the venue project. Under current law, a municipality or county may not enter into an interlocal agreement to use revenue it derives from fees imposed by a joint operating board to which it is a party to construct or renovate a voter-approved venue project.

Under current law, the generally applicable cap on a short-term motor vehicle rental tax used as a financing method for a voter-approved venue project is five percent, but Dallas County may impose a short-term motor vehicle rental tax of up to six percent. A municipality or county may impose a tax on motor vehicles parking in a parking facility of a voter-approved venue project only during the period from three hours before to three hours after the scheduled beginning time for an event in that venue. The parking tax imposed by a municipality or county for parking in a parking facility of an approved venue project may not exceed \$3 for each motor vehicle. The generally applicable cap on a hotel occupancy tax used as a financing method for a voter approved venue project is two percent of the price paid for a hotel room, but Dallas County may impose a hotel occupancy tax not to exceed three percent.

C.S.H.B. 4360 gives a municipality or county the option of including oil and gas lease bonuses and royalties received by the municipality or county as a method of financing a proposed venue project submitted for voter approval, if the revenue is not otherwise dedicated. The bill also gives a municipality or county the option of including fees, payments, or charges imposed by a joint operating board to which it is a party or a nonprofit corporation created by and acting on behalf of a county or municipality as a financing method to construct or renovate a voter-approved venue project, if the revenue is not otherwise dedicated. The bill provides that the cap on the short-term motor vehicle rental tax for certain populous municipalities is six percent on the gross rental receipts from the rental if approved by the voters as a financing method for an approved-venue project. The bill allows certain municipalities or counties to impose the event parking tax during any hours if the voter approved venue project consists of three or more separate but adjacent venue facilities. The bill allows certain populous municipalities to impose an event parking tax at a rate not to exceed \$5 for each motor vehicle if approved by the voters. The bill provides that the cap on the hotel occupancy tax for certain populous municipalities is three percent of the price paid for a room in a hotel if approved by the voters as a financing method for an approved-venue project.

### **RULEMAKING AUTHORITY**

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

## **ANALYSIS**

C.S.H.B. 4360 amends the Local Government Code to authorize a municipality or county to deposit into the municipality's or county's venue project fund, if the revenue is not otherwise dedicated, all or a portion of any revenue the municipality or county receives from bonuses, delay rentals, royalties, and any other payments the municipality or county receives as the owner of oil, gas, and other mineral interests and from the fees, payments, or charges imposed by a joint operating board to which the municipality or county is a party or by a nonprofit corporation created by and acting on behalf of a county or municipality. The bill also authorizes a municipality or county to deposit into the municipality's or county's venue project fund any other revenue the municipality by ordinance or the county by order determines is appropriate for use in financing a venue project and related infrastructure.

C.S.H.B. 4360 authorizes a municipality with a population of more than 700,000 within a county with a population of more than one million that is adjacent to a county with a population of more than two million to impose a short-term motor vehicle rental tax at a rate not to exceed six percent on the gross rental receipts from the rental in the municipality of a motor vehicle. The bill applies provisions relating to the election called and held for the purpose of approving an increase in the rate of the tax to a maximum of six percent to such a municipality.

C.S.H.B. 4360 authorizes a municipality or county to impose the event parking tax on each motor vehicle parking in a parking facility of an approved venue project during any hours if the approved venue project consists of three or more separate but adjacent venue facilities. The bill authorizes a municipality with a population of more than 700,000 within a county with a population of more than one million adjacent to a county with a population of more than two million to impose the tax at a rate not to exceed \$5 for each motor vehicle. The bill authorizes such a municipality that has adopted the tax at a rate of less than \$5 a vehicle to increase by ordinance the rate of the tax to a maximum of \$5 a vehicle if the increase is approved by a majority of the registered voters of the municipality voting at an election called and held for that purpose. The bill sets forth the required language for the ballot.

C.S.H.B. 4360 authorizes such a municipality to impose a hotel occupancy tax to fund a convention center facility or related infrastructure at any rate not to exceed three percent of the price paid for a room in a hotel. The bill authorizes such a municipality, or a county with a population of more than two million that is adjacent to a county with a population of more than one million, that has adopted the tax at a rate of less than three percent to increase by ordinance or order the rate of the tax to the maximum applicable rate if the increase is approved by a majority of the registered voters of that municipality or county voting at an election called and held for that purpose. The bill sets forth the required language for the ballot.

## **EFFECTIVE DATE**

On passage, or, if the act does not receive the necessary vote, the act takes effect September 1, 2009.

## **COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 4360 differs from the original by making it a condition for a municipality or county to deposit certain revenue into the municipality's or county's venue project fund that the revenue is not otherwise dedicated. The bill adds language not in the original to include in such revenue the payments and charges imposed by certain entities, and to include as such an entity a nonprofit corporation created by and acting on behalf of a county or municipality.

C.S.H.B. 4360 adds provisions not in the original relating to a short-term motor vehicle rental tax, an event parking tax, and a hotel occupancy tax.