

BILL ANALYSIS

S.B. 1207
By: Seliger
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Generally, hotel occupancy tax (HOT) revenue cannot be used by a city for construction of a hotel. However, statutory exceptions have been made to allow some cities to utilize HOT revenue for hotel construction. The City of Amarillo does not currently fit the geographical or population brackets of these existing exceptions. The language in this legislation is the result of compromise and agreement between local hoteliers and the City of Amarillo.

S.B. 1207 authorizes a certain municipality to utilize hotel occupancy tax revenue for construction of a convention center hotel. The bill authorizes the municipality to only pledge the revenue from the project hotel to pay for the issuance of bonds or other obligations issued or incurred in the construction of the convention center hotel.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

ANALYSIS

SECTION 1. Amends Section 351.102, Tax Code, by amending Subsection (b) and adding Subsection (b-1), as follows:

(b) Authorizes an eligible central municipality or a municipality with a population of 173,000 or more that is located within two counties to 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 shops and parking facilities. Makes a conforming change.

(b-1) Prohibits a municipality with a population of 173,000 or more that is located within two counties and is not an eligible central municipality from pledging revenue under Subsection (b) in relation to a particular hotel project after the earlier of the 20th anniversary of the date the municipality first pledged the revenue to the hotel project or the date the revenue pledged to the hotel project equals 40 percent of the hotel project's total construction cost.

SECTION 2. Amends Section 1504.001(b), Government Code, to make a conforming change.

SECTION 3. Amends Section 1504.002(b), Government Code, to make a conforming change.

SECTION 4. Effective date: September 1, 2009.

EFFECTIVE DATE

September 1, 2009

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