

BILL ANALYSIS

C.S.H.B. 3597
By: Larson
Urban Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently, public improvement districts in certain counties do not have authority to annex or exclude land and are required to obtain certain consents prior to the imposition of a hotel occupancy tax. C.S.H.B. 3597 intends to authorize certain public improvement districts to annex and exclude land and removes a requirement to obtain certain consent prior to the imposition of a hotel occupancy tax under certain circumstances.

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. 3597 amends the Local Government Code to make certain provisions of law relating to improvement projects applicable to a county with a population of 1.5 million or more, rather than 825,000 or more, other than a county that borders the Gulf of Mexico or a bay or inlet of the gulf or a county that has two municipalities located wholly or partly in its boundaries each having a population of 225,000 or more, rather than 300,000 or more.

C.S.H.B. 3597 authorizes a public improvement district created by such a county to annex or exclude land from the district as provided by Water Code provisions relating to annexation or exclusion of land in certain water districts. The bill requires such a public improvement district, before the district may adopt an order adding or excluding land, to obtain the consent of the county that created the district by a resolution of the county commissioners court and the consent of a municipality in whose extraterritorial jurisdiction the district is located by a resolution adopted by the municipality's governing body.

C.S.H.B. 3597, in a provision of law requiring a public improvement district created by such a county, if authorized by a county, to impose a hotel occupancy tax in the same manner as provided by a Tax Code provision relating to a hotel tax authorized for county development districts, removes the specification that such a tax be imposed as provided by the County Development District Act, and removes a provision of law establishing that such a hotel occupancy tax may be used for any purpose authorized in provisions of law relating to improvement projects in certain counties and is authorized by the county to be imposed by the district.

C.S.H.B. 3597 authorizes a hotel occupancy tax imposed by a district in an applicable county to be used for a purpose described by Tax Code provisions relating to county hotel occupancy taxes or to encourage the development or operation of a hotel in the district, including an economic development program for or a grant, loan, service, or improvement to a hotel in the district.

C.S.H.B. 3597 authorizes a public improvement district, if authorized by a county, to use the revenue from a hotel occupancy tax for any purpose authorized by provisions of law relating to

improvement projects in certain counties if the owner of the hotel agrees to the imposition of the tax, prohibits the agreement from being revoked by the owner or any subsequent owner of the hotel after the owner agrees, and makes related conforming changes. The bill establishes that, to the extent of a conflict between the bill's provisions relating to the use of a hotel occupancy tax for any purpose and provisions of law prohibiting a hotel occupancy tax from being imposed on the occupants of a hotel unless the owner of the hotel agrees to the imposition of the tax, the bill's provisions control.

C.S.H.B. 3597 establishes that the legislature validates and confirms all governmental acts and proceedings before the effective date of the bill of a district created under Chapter 382, Local Government Code, transferred from Subchapter C, Chapter 372, Local Government Code, by Chapter 87 (S.B. 1969), Acts of the 81st Legislature, Regular Session, 2009, before the effective date of this bill, including acts of the district's board of directors. The bill makes such validation and confirmation inapplicable to a matter that on the effective date of the bill is involved in litigation, if the litigation ultimately results in the matter being held invalid by a final court judgment or that has been held invalid by a final court judgment.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2011.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 3597 differs from the original, in a provision establishing the applicability of provisions of law relating to improvement projects in certain counties, by setting the criteria relating to minimum county population at 1.5 million, whereas the original sets that minimum population at 1.2 million.

C.S.H.B. 3597 contains an applicability provision not included in the original limiting the applicability of provisions of the bill relating to the annexation or exclusion of land from a public improvement district to a public improvement district created by a county with a population of 1.5 million or more, other than a county that borders the Gulf of Mexico or a bay or inlet of the gulf or a county that has two municipalities located wholly or partly in its boundaries each having a population of 225,000 or more.

C.S.H.B. 3597 differs from the original by requiring the district, before the district may adopt an order adding or excluding land, to obtain consent from a municipality in whose extraterritorial jurisdiction the district is located, whereas the original requires the district to obtain consent from a municipality in which the district is located, if powers have been delegated under provisions of law relating to the delegation of certain powers and duties to a district.

C.S.H.B. 3597 omits a provision included in the original requiring an applicable county to provide the maximum rate at which the district is authorized to impose a hotel occupancy tax, sales and use tax, or ad valorem tax in a certain required order. The substitute omits a provision included in the original removing a statutory provision prohibiting a tax rate approved by the commissioners court of an applicable county and pledged to secure bonds, notes, grant agreements, or development agreements from being reduced until the obligation of those instruments have been satisfied.

C.S.H.B. 3597 contains provisions not included in the original setting the manner in which a district shall impose a hotel occupancy tax and specifying certain purposes for which the tax may be used.

C.S.H.B. 3597 contains a provision not included in the original authorizing a public improvement district, if authorized by a county, to use the revenue from a hotel occupancy tax for any purpose authorized by provisions of law relating to improvement projects in certain

counties if the owner of the hotel agrees to the imposition of the tax, prohibiting the agreement from being revoked by the owner or any subsequent owner of the hotel after the owner agrees, and making related conforming changes. The bill contains a provision not included in the original establishing that, to the extent of a conflict between the bill's provisions relating to the use of a hotel occupancy tax for any purpose and provisions of law prohibiting a hotel occupancy tax from being imposed on the occupants of a hotel unless the owner of the hotel agrees to the imposition of the tax, the bill's provisions control. The substitute differs from the original in a nonsubstantive way.