

## **BILL ANALYSIS**

Senate Research Center

S.B. 977  
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Economic Development  
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Enrolled

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Currently, the Tax Code provisions relating to municipal hotel occupancy allow for "eligible central municipalities" to receive certain rebates for sales and use tax and hotel occupancy taxes imposed by the State of Texas, if the hotel convention center projects meet certain criteria (namely that the hotel be located within 1,000 feet of a municipal convention center). The purpose of this proposed legislation is to add the City of Corpus Christi to the list of cities eligible to participate in this state economic development program.

The proposed legislation would not increase hotel occupancy or sales taxes nor grant the authority to increase any such tax rates. It simply allows the State of Texas to rebate Corpus Christi's portion of such taxes generated from the convention center hotel (it does not capture other hotels in the area) for a period of up to 10 years. The refunded state taxes must be used to pay back the bonds used to construct the hotel.

Previous bills that added other cities to this program, such as S.B. 1247, 81st Legislature, Regular Session, 2009, did not have fiscal impact to the State of Texas. In fact, the program has a positive track record of producing positive economic development benefits for the State of Texas and the communities that have utilized the program. Specifically, the cities of Houston, Fort Worth, Dallas, San Antonio, and Austin, to name a few examples, have all been allowed by the legislature to utilize this program for similar convention center hotel projects and have produced very positive results.

S.B. 977 amends current law relating to the imposition, use, rebate, and refund of certain taxes related to certain hotel business revenue.

### **RULEMAKING AUTHORITY**

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

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 2303.5055, Government Code, by adding Subsection (f), as follows:

(f) Requires the comptroller of public accounts (comptroller), notwithstanding any other law, to deposit eligible taxable proceeds that were collected by or forwarded to the comptroller, and to which the qualified hotel project is entitled according to an agreement under this section, in trust in a separate suspense account of the project. Provides that a suspense account is outside the state treasure, and the comptroller is authorized to make a rebate, refund, or payment authorized by this section without the necessity of an appropriation. Requires the comptroller to rebate, refund, or pay to each qualified hotel project eligible taxable proceeds to which the project is entitled under this section at least quarterly.

SECTION 2. Amends Section 151.429(h), Tax Code, as follows:

(h) Requires the comptroller to deposit the taxes in trust in a separate suspense account of the qualified hotel project. Provides that a suspense account is outside the state treasury, and the comptroller is authorized to make a rebate, refund, or payment authorized by this section without the necessity of an appropriation. Requires the comptroller to rebate, refund, or pay to each qualified hotel project eligible taxable proceeds to which the project is entitled under this section at least monthly.

SECTION 3. Amends Section 351.001(7), Tax Code, to redefine "eligible central municipality."

SECTION 2. Effective date: upon passage or September 1, 2011.