

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 748
By: Nelson
Economic Development
3/21/2013
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The purpose of this legislation is to allow the City of Fort Worth to improve cultural and entertainment venues within its city limits. Specifically, the bill allows the city to create a project financing zone within three miles of a qualified project and use certain local and state hotel occupancy and sales tax revenues to finance the initiative.

C.S.S.B. 748 amends current law relating to the use of certain tax revenue to enhance and upgrade convention center facilities, multipurpose arenas, multiuse facilities, and related infrastructure in certain municipalities.

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 Subchapter B, Chapter 351, Tax Code, by adding Section 351.1015, as follows:

Sec. 351.1015. CERTAIN QUALIFIED PROJECTS. (a) Defines "base year amount," "hotel-associated revenue," "incremental hotel-associated revenue," "project financing zone," and "qualified project" in this section.

(b) Provides that this section applies only to a qualified project located in a municipality with a population of at least 650,000 but less than 750,000.

(c) Authorizes revenue from the municipal hotel occupancy tax to be used, in addition to the uses provided by Section 351.101 (Use of Tax Revenue), to fund a qualified project.

(d) Authorizes a municipality to pledge the revenue derived from the tax imposed under this chapter (Municipal Hotel Occupancy Taxes) from a hotel located in the project financing zone for the payment of bonds or other obligations issued or incurred to acquire, lease, construct, improve, enlarge, and equip the qualified project.

(e) Authorizes a municipality to pledge for the payment of bonds or other obligations described by Subsection (d) the local revenue from eligible tax proceeds as defined by Section 2303.5055(e) (defining "eligible taxable proceeds" in this section (Refund, Rebate, or Payment of Tax Proceeds to Qualified Hotel Project)), Government Code, from hotels located in a project financing zone that would be available to the owners of qualified hotel projects under that section if the hotels were qualified hotel projects, excluding any amount received by the municipality for a hotel project described by Section 351.102(b) (relating to certain municipalities that are authorized to pledge the revenue derived from the tax imposed under this chapter (Municipal Hotel Occupancy Taxes) from a

certain hotel project) and located in the zone that exists on the date the municipality designates the zone.

(f) Requires a municipality to notify the comptroller of public accounts of the State of Texas (comptroller) of the municipality's designation of a project financing zone not later than the 30th day after the date the municipality designates the zone. Entitles the municipality, notwithstanding other law, to receive the incremental hotel-associated revenue from the project financing zone for the period beginning on the first day of the year after the year in which the municipality designates the zone and ending on the last day of the month during which the designation expires. Authorizes the municipality to pledge the revenue for the payment of bonds or other obligations described by Subsection (d).

(g) Requires the comptroller to deposit incremental hotel-associated revenue collected by or forwarded to the comptroller in a separate suspense account to be held in trust for the municipality that is entitled to receive the revenue. Provides that the suspense account is outside the state treasury, and the comptroller is authorized to make a payment authorized by this section from the account without the necessity of an appropriation. Requires the comptroller to begin making payments from the suspense account to the municipality for which the money is held on the date the qualified project in the project financing zone is commenced. Requires the comptroller, if the qualified project is not commenced by the fifth anniversary of the first deposit to the account, to transfer the money in the account to the general revenue fund and cease making deposits to the account.

(h) Authorizes the comptroller to estimate the amount of incremental hotel-associated revenue that will be deposited to a suspense account under Subsection (g) during each calendar year. Authorizes the comptroller to make deposits to the account, and authorizes the municipality to request disbursements from the account on a monthly basis based on the estimate. Requires the comptroller, at the end of each calendar year, to adjust the deposits and disbursements to reflect the amount of revenue actually deposited to the account during the calendar year.

(i) Requires a municipality to notify the comptroller if the qualified project in the project financing zone is abandoned. Requires the comptroller, if the qualified project is abandoned, to transfer to the general revenue fund the amount of money in the suspense account that exceeds the amount required for the payment of bonds or other obligations described by Subsection (d).

SECTION 2. Amends Section 351.1065(a), Tax Code, to require an eligible central municipality to use the amount of revenue from the tax that is derived from the application of the tax at a rate of more than seven percent of the cost of a room only for the construction of an expansion of an existing convention center facility; a qualified project to which Section 351.1015 applies; and pledging payment of revenue bonds and revenue refunding bonds issued under Subchapter A (Revenue Bonds for Certain Facilities), Chapter 1504 (Obligations for Municipal Buildings), Government Code, for the construction or qualified project, rather than for the construction of the expansion.

SECTION 3. Effective date: September 1, 2013.