

BILL ANALYSIS

C.S.S.B. 837
By: Watson
Urban Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties note that the City of Dallas was recently given the authority to petition hotels to create a tourism public improvement district composed solely of hotels within the city for the purpose of allowing hotels to propose a self-assessment to create additional funding for marketing and incentives to attract convention and group business to the area. The parties further note that the district was successful in those efforts and nearly doubled the Dallas Convention and Visitors Bureau's closure rate for securing citywide conventions and increased hotel occupancy levels and tourism in Dallas. C.S.S.B. 837 seeks to extend those improvements to other parts of Texas by providing similar authority to other cities.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

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.S.B. 837 amends the Local Government Code to change the municipalities to which the authority to undertake a municipal project that confers a special benefit on areas that share a common characteristic or use applies from a municipality that has a population of more than one million and a council-manager form of government and that is located wholly or partly in a county with a population of more than two million to a municipality that has a population of more than 650,000 and less than two million or that has a population of more than 325,000 and less than 625,000.

C.S.S.B. 837 conditions the applicability of that authority with respect to a public improvement district solely composed of territory in which the only businesses are hotels with 100 or more rooms ordinarily used for sleeping on the district being established by a municipality that has a population of more than 650,000 and less than two million and makes that authority applicable with respect to such a district in which the only businesses are hotels with 75 or more rooms ordinarily used for sleeping if the district is established by a municipality that has a population of more than 325,000 and less than 625,000.

C.S.S.B. 837 establishes that a petition for the establishment of such a public improvement district is sufficient only if signed by record owners of taxable real property liable for assessment under the proposal who constitute more than 60 percent of the appraised value of taxable real property liable for assessment under the proposal, as determined by the current roll of the appraisal district in which the property is located and who constitute more than 60 percent of

either all record owners of taxable real property that are liable for assessment under the proposal or the area of all taxable real property that is liable for assessment under the proposal.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2015.

COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE

While C.S.S.B. 837 may differ from the engrossed in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the engrossed and committee substitute versions of the bill.

SENATE ENGROSSED

SECTION 1. Section 372.0035, Local Government Code, is amended to read as follows:

Sec. 372.0035. **COMMON CHARACTERISTIC OR USE FOR PROJECTS IN CERTAIN MUNICIPALITIES.** (a) This section applies only to:

- (1) a municipality that:
 - (A) has a population of more than 750,000 and less ~~[one million and a council manager form of government and that is located wholly or partly in a county with a population of more]~~ than two million; or
 - (B) has a population of more than 325,000 and less than 625,000; and

(2) a public improvement district established under this subchapter and solely composed of territory in which the only businesses are:

- (A) hotels with 100 or more rooms ordinarily used for sleeping, if the district is established by a municipality described by Subdivision (1)(A); or
- (B) hotels with 75 or more rooms ordinarily used for sleeping, if the district is established by a municipality described by Subdivision (1)(B).

(b) A municipality may undertake a project that confers a special benefit on areas that share a common characteristic or use. The areas may be noncontiguous.

(c) This section does not prohibit a municipality from or limit a municipality to establishing a district that includes a noncontiguous area authorized by this subchapter.

(d) A municipality that undertakes a project under this section may:

- (1) adopt procedures for the collection of

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Section 372.0035(a), Local Government Code, is amended to read as follows:

(a) This section applies only to:

- (1) a municipality that:
 - (A) has a population of more than 650,000 and less ~~[one million and a council manager form of government and that is located wholly or partly in a county with a population of more]~~ than two million; or
 - (B) has a population of more than 325,000 and less than 625,000; and

(2) a public improvement district established under this subchapter and solely composed of territory in which the only businesses are:

- (A) hotels with 100 or more rooms ordinarily used for sleeping, if the district is established by a municipality described by Subdivision (1)(A); or
- (B) hotels with 75 or more rooms ordinarily used for sleeping, if the district is established by a municipality described by Subdivision (1)(B).

assessments under this chapter that are consistent with the municipality's procedures for the collection of a hotel occupancy tax under Chapter 351, Tax Code; and

(2) pursue remedies for the failure to pay an assessment under this chapter that are available to the municipality for failure to pay a hotel occupancy tax under Chapter 351, Tax Code.

(e) Notwithstanding Section 372.005(b), Local Government Code, a petition for the establishment of a public improvement district under this section is sufficient only if signed by:

(1) owners of taxable real property representing more than 60 percent of the appraised value of taxable real property liable for assessment under the proposal, as determined by the current roll of the appraisal district in which the property is located; and

(2) record owners of real property liable for assessment under the proposal who:

(A) constitute more than 60 percent of all record owners of property that is liable for assessment under the proposal; or

(B) own taxable real property that constitutes more than 60 percent of the area of all taxable real property that is liable for assessment under the proposal.

SECTION 2. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2015.

SECTION 2. Section 372.005, Local Government Code, is amended by adding Subsection (b-1) to read as follows:

(b-1) Notwithstanding Subsection (b), a petition for the establishment of a public improvement district described by Section 372.0035(a)(2) is sufficient only if signed by record owners of taxable real property liable for assessment under the proposal who constitute:

(1) more than 60 percent of the appraised value of taxable real property liable for assessment under the proposal, as determined by the current roll of the appraisal district in which the property is located; and

(See subsection (b-1) above.)

(2) more than 60 percent of:

(A) all record owners of taxable real property that are liable for assessment under the proposal; or

(B) the area of all taxable real property that is liable for assessment under the proposal.

SECTION 3. Same as engrossed version.