**BILL ANALYSIS**

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| Senate Research Center | S.B. 729 |
| 85R7015 ADM-F | By: Buckingham |
|  | Natural Resources & Economic Development |
|  | 3/17/2017 |
|  | As Filed |

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

S.B. 729 adds the City of Abilene to an existing authority held by other communities that allows certain hotel occupancy tax revenues to be retained locally and reinvested in important economic development projects. Under current law, certain eligible central municipalities are authorized, upon request, to receive a rebate of hotel occupancy tax proceeds that are paid or collected by a qualified hotel project and its ancillary businesses. Additionally, those cities are entitled to receive a rebate of state hotel occupancy taxes, state sales taxes, and state alcoholic beverage taxes from the eligible project for the first 10 years after the project opens for occupancy. The extension of this benefit to the City of Abilene will play a significant role in bolstering the city's ongoing downtown revitalization efforts and growing the local economy.

This bill is supported by the City of Abilene, the Abilene Convention and Visitors Bureau, and the Texas Hotel & Lodging Association.

As proposed, S.B. 729 amends current law relating to the authority of certain municipalities to pledge certain tax revenue for the payment of obligations related to hotel projects.

**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 351.102, Tax Code, by amending Subsections (b), (c), and (d) and adding Subsection (e), as follows:

(b) Authorizes an eligible central municipality or a municipality described by this subsection or Subsection (e), for bonds or other obligations issued under this subsection, to only pledge revenue or other assets of the hotel project benefiting from those bonds or other obligations.

(c) Provides that a municipality to which Subsection (b) or (e) applies is entitled to receive all funds from a project described by this section that an owner of a project may receive under Section 151.429(h) (relating to the rebate, refund, or payment of sales and use taxes to the owner of a qualified hotel project) of this code, or Section 2303.5055 (Refund, Rebate, or Payment of Tax Proceeds to Qualified Hotel Project), Government Code.

(d) Prohibits an eligible central municipality or another municipality described by Subsection (b) or (e) that uses certain revenue or funds for a hotel project described by Subsection (b), except as provided by this subsection, from reducing the percentage of certain tax revenue.

(e) Provides that, in addition to the municipalities described by Subsection (b), that subsection also applies to a municipality with a population of at least 110,000 but not more than 135,000 at least part of which is located in a county with a population of not more than 135,000.

SECTION 2. Effective date: upon passage or September 1, 2017.