

BILL ANALYSIS

C.S.S.B. 1307
By: Taylor
Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

It has been noted that some cities in Texas are authorized to receive a rebate of certain state taxes to pay for bonds or other obligations incurred by the city for construction of a convention center hotel and related facilities. Furthermore, some cities may use their existing occupancy tax revenue to invest in new facilities and related infrastructure under certain circumstances. There have been calls to include some cities, such as Webster, among those with access to these economic development tools. C.S.S.B. 1307 seeks to heed these calls by providing certain cities with the ability to utilize these additional economic development tools.

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. 1307 amends the Tax Code to authorize the following municipalities to pledge the revenue derived from municipal hotel occupancy tax from certain hotel projects for the payment of bonds or other obligations issued or incurred to acquire, lease, construct, and equip such a hotel and any facilities ancillary to the hotel:

- a municipality that is primarily located in a county with a population of four million or more and is connected by a bridge to a municipality with a population of less than 2,000 that is located adjacent to a bay connected to the Gulf of Mexico, that is located in a county with a population of 290,000 or more that is adjacent to a county with a population of four million or more, and that has a boardwalk on the bay; and
- a municipality with a population of more than 10,000 that is wholly located in a county with a population of four million or more and that has a city hall located less than three miles from a space center operated by an agency of the federal government.

C.S.S.B. 1307 authorizes a municipality with a population of more than 10,000 that is wholly located in a county with a population of four million or more and that has a city hall located less than three miles from a space center operated by an agency of the federal government to use revenue from the municipal hotel occupancy tax for the construction, improvement, enlarging, equipping, renovating, repairing, operation, and maintenance of a venue that is related to the promotion of tourism, including a hotel, resort, or convention center facility located on land owned by the municipality or a nonprofit corporation acting on behalf of the municipality. The bill authorizes such a municipality to use revenue from the municipal hotel occupancy tax for

related infrastructure. The bill requires the municipality to determine the amount of venue-related hotel revenue generated during the five-year period following the date the municipality issues a certificate of occupancy to the venue to which the revenue is attributable and prohibits the municipality from spending municipal hotel occupancy tax revenue for ancillary infrastructure in a total amount that exceeds the determined amount. The bill requires the municipality to reimburse the municipality's hotel occupancy tax revenue fund from another available source for the amount by which the expenditures exceed the determined venue-related hotel revenue.

C.S.S.B. 1307 changes from September 1, 2019, to September 1, 2021, the date before which certain municipalities authorized to pledge specified funds and municipal hotel occupancy tax revenue for an applicable hotel project must enter into an agreement with a person for the development of the hotel project to be eligible to receive or pledge revenue or funds for the project.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2019.

COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE

While C.S.S.B. 1307 may differ from the engrossed in minor or nonsubstantive ways, the following summarizes the substantial differences between the engrossed and committee substitute versions of the bill.

The substitute does not include the authorization for a municipality with a population of more than 10,000 that is wholly located in a county with a population of four million or more and that has a city hall located less than three miles from a space center operated by an agency of the federal government to use hotel occupancy tax revenue for the construction, improvement, enlarging, equipping, renovating, repairing, operation, and maintenance of a coliseum or mulituse facility. The substitute includes provisions governing the allocation of revenue for certain venue-related infrastructure in such a municipality.

The substitute includes an authorization for a municipality that is primarily located in a county with a population of four million or more and is connected by a bridge to a municipality with a population of less than 2,000 that is located adjacent to a bay connected to the Gulf of Mexico, that is located in a county with a population of 290,000 or more that is adjacent to a county with a population of four million or more, and that has a boardwalk on the bay to pledge the revenue derived from municipal hotel occupancy tax from certain hotel projects for the payment of bonds or other obligations issued or incurred to acquire, lease, construct, and equip such a hotel and any facilities ancillary to the hotel.