

BILL ANALYSIS

Senate Research Center

S.B. 804
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Local Government
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Texas state law provides that tourism public improvement districts (PID) can only be created if the owners of more than 60 percent of the hotels within the proposed district petition the city to create the district, and the city council by a majority vote also approves creation of the proposed district. Currently, there are tourism PIDs that have been created in the cities of Dallas, Arlington, Fort Worth, San Antonio, and Waco.

During the term of an existing tourism PID, there are always new hotels constructed that are interested in participating in the existing tourism PID in their city. In 2019, the Texas Legislature approved legislation that specifically authorized Texas cities to add new hotel properties into an existing tourism PID, if with the addition of the hotel properties, the district would still maintain the over 60 percent statutory approval threshold required for the district's creation. However, the state law did not specifically direct how the city should calculate the satisfaction of the over 60 percent approval threshold as new hotel properties are added to the district.

This bill does two things. First, it clarifies the current statutory authority of cities to add new hotels into an existing tourism PID. Second, the bill clarifies how a city can determine that a sufficient number of hotel owners have consented to be included within the district to meet the over (more than) 60 percent approval threshold for adding new hotel properties into the district that is required by statute.

These bill provisions are vital to clarifying the ability of cities to add new hotels into an existing tourism PID within the existing term of the local tourism public improvement districts in Texas.

(Original Author's/Sponsor's Statement of Intent)

S.B. 804 amends current law relating to the authority of a municipality to add property to a common characteristic public improvement district.

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 372.0121, Local Government Code, as follows:

Sec. 372.0121. New heading: INCLUSION OF PROPERTY IN COMMON CHARACTERISTIC PUBLIC IMPROVEMENT DISTRICT. (a) Creates this subsection from existing text. Authorizes the governing body of a municipality, notwithstanding Section 372.012 (Area of District) or any other requirement in Chapter 372 (Improvement Districts in Municipalities and Counties), to include property in a public improvement district described by Section 372.0035 (Common Characteristic or Use for Projects in Municipalities) after the establishment of the district, if:

- (1) the property is a hotel; and

(2) a sufficient number of the record owners of the real property currently included and proposed to be included in the district have consented to be included in the district by signing the original petition to establish the district or by signing a petition or written consent to include property in the district.

Deletes existing text authorizing the governing body of a municipality to include property in a public improvement district if the property could have been included in the district without violating Section 372.005(b-1) (relating to requirements for a petition to establish a public improvement district) when the district was created regardless of whether the record owners of the property signed the original petition.

(b) Prohibits a newly constructed hotel property, notwithstanding Subsection (a), from being added to the district unless the record owner of the property consents to its inclusion.

(c) Provides that, for purposes of Subsection (a)(2), the number of consenting record owners is sufficient if the record owners own more than 60 percent of appraised value of taxable real property liable for assessment in the district, as determined by the current appraisal roll of the appraisal district in which the property is located, and:

(1) constitute more than 60 percent of all record owners of taxable real property liable for assessment in the district; or

(2) own, in aggregate, more than 60 percent of the area of all taxable real property liable for assessment in the district.

SECTION 2. Effective date: upon passage or September 1, 2021.