

BILL ANALYSIS

H.B. 2608
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Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The 83rd Legislature enacted legislation authorizing an eligible municipality to designate a project financing zone (PFZ). Designation of a PFZ allows a municipality to utilize incremental hotel-associated revenue for a statutorily defined qualified project, which encompasses facilities for which private contributions finance at least 40 percent of the project costs. The designation of a PFZ, which reduces the burden on taxpayers when leveraging private contributions, may continue for up to 30 years from the date of designation. Among the devastating impacts of the COVID-19 pandemic was the near-total decimation of the travel and hotel industries for almost two years. As a result, PFZs that were designated prior to the onset of the pandemic were unable to achieve incremental hotel-associated revenue as projected in 2020 and 2021 and, in some cases, experienced negative incremental growth. The catastrophic underperformance of existing PFZs during that two-year period left affected municipalities unable to repay the purchasers of their debt obligations from that source, causing those municipalities to find other resources from which to make debt service payments. H.B. 2608 seeks to address this issue by automatically extending by two years the duration of a PFZ in certain municipalities that was designated as such in or before 2019 and was in existence on March 15, 2020.

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

H.B. 2608 amends the Tax Code to automatically extend by two years the date on which a project financing zone that meets the following criteria expires due to the effect of the COVID-19 pandemic on hotel-associated revenues:

- the zone was designated by an applicable municipality as a project financing zone in or before 2019 to fund a qualified project in part with revenue raised from municipal hotel occupancy taxes; and
- the zone was in existence on March 15, 2020.

The bill changes from at least 650,000 but less than 750,000 to at least 850,000 but less than 950,000 the population of a municipality, according to the most recent federal decennial census, to which statutory provisions relating to certain qualified projects in a project financing zone apply.

EFFECTIVE DATE

September 1, 2023.