

BILL ANALYSIS

Senate Research Center
88R12471 CJD-F

H.B. 4565
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Natural Resources & Economic Development
5/15/2023
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In 2016, the City of Harlingen financed the building of a convention center by issuing certificates of obligation. This obligated the city to annual payments through the year 2040. The convention center was completed and is operational and the remaining principal balance on the certificates of obligation is \$10,790,000. Finding alternative means to finance and pay the debt service on the convention center project would free up resources which the City of Harlingen and the Harlingen Community Improvement Board, an economic development corporation that helps reimburse the city for some of its debt service payments, could put to better use for basic services and economic development projects. H.B. 4565 seeks to authorize the City of Harlingen to increase its municipal hotel occupancy tax rate by two percent, with this additional revenue being able to be used to pay costs associated with the construction, expansion, maintenance, financing, operation, or debt service of the convention center.

H.B. 4565 amends current law relating to the use of the revenue derived from the municipal hotel occupancy tax by certain municipalities and to the rate at which that tax is imposed by those municipalities.

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 351.001(7), Tax Code, as follows:

(7) Provides that "eligible central municipality" means:

(A)-(C) makes no changes to these paragraphs;

(D)-(E) makes nonsubstantive changes to these paragraphs; or

(F) a municipality that has a population of at least 70,000 but not more than 180,000 and that is located in a county that borders the United Mexican States and the Gulf of Mexico.

SECTION 2. Amends Section 351.003, Tax Code, by adding Subsection (g), as follows:

(g) Prohibits the rate in a municipality described by Section 351.001(7)(F) from exceeding nine percent of the price paid for a room. Requires the municipality to allocate for the construction, expansion, maintenance, financing, operation, or debt service of a convention center or multiuse facility all revenue received by the municipality that is derived from the application of the tax at a rate of more than seven percent of the price paid for a room in a hotel.

SECTION 3. Amends Section 351.101, Tax Code, by adding Subsection (t) to authorize a municipality described by Section 351.001(7)(F), in addition to other authorized uses, to use revenue from the municipal hotel occupancy tax to pay costs associated with the construction,

expansion, maintenance, financing, operation, or debt service of a convention center or multiuse facility.

SECTION 4. Effective date: September 1, 2023.