

BILL ANALYSIS

H.B. 4565
By: Longoria
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

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.

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. 4565 amends the Tax Code to classify a municipality with a population of at least 70,000 but not more than 180,000 that is located in a county that borders the United Mexican States and the Gulf of Mexico as an eligible central municipality for purposes of the municipal hotel occupancy tax and to increase the cap on the rate of the municipal hotel occupancy tax that may be imposed by the municipality from seven percent of the price paid for a room to nine percent of that price. The bill authorizes the municipality, in addition to other authorized uses, to use municipal hotel occupancy tax revenue to pay costs associated with the construction, expansion, maintenance, financing, operation, or debt service of a convention center or multiuse facility and requires the municipality to allocate all revenue it receives that is derived from the application of the tax at a rate of more than seven percent for those purposes.

EFFECTIVE DATE

September 1, 2023.