

BILL ANALYSIS

Senate Research Center
88R4715 SRA-F

S.B. 1057
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Natural Resources & Economic Development
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Texas Legislature passed S.B. 748 by Nelson/Geren in 2013 creating Section 351.1015, Tax Code, to allow a municipality with a population of at least 650,000, but less than 750,000, to use certain tax revenue to fund a convention center facility, a multipurpose arena or venue, and related infrastructure. The bill allowed the municipality, for a period of up to 30 years, to receive the incremental growth in state sales and use taxes, state hotel occupancy taxes, and state mixed beverage taxes collected by or at hotels within the project financing zone, less the amount distributed in the base year the zone is designated.

Section 351.1015 as currently written only applies to the cities of Dallas and Fort Worth. Dallas is using Section 351.1015 to construct a new 2.5-million-square-foot convention center. Fort Worth utilized Section 351.1015 to construct Dickies Arena, a 14,000-seat multipurpose arena.

Houston needs to modernize and expand the George R. Brown Convention Center (GRB) to remain competitive and attract large conventions, such as the 2028 Republican National Convention (2028 RNC). Houston and Miami are finalists for the 2028 RNC, and the site selection will be made by summer 2023. Allowing Houston to expand the GRB will provide impetus to Houston's bid.

Houston First Corporation (HFC) is the convention and marketing local government corporation for the City of Houston (COH). Legislation is needed that would specifically amend Section 351.1015, Tax Code, to add the COH. It would also add the definition of project-associated infrastructure and authorize HFC to act on behalf of the COH.

S.B. 1057 amends current law relating to the use of certain tax revenue to enhance and upgrade qualified projects and project-associated infrastructure, as defined in the bill, by a municipality that:

- Is authorized to collect a municipal hotel occupancy tax;
- Is located in a county with a population of at least 3.3 million; and
- Operates a convention center facility not more than three miles from the city hall of the municipality in which the convention center facility is located.

As proposed, S.B. 1057 amends current law relating to the authority of certain municipalities and local government corporations to use certain tax revenue for certain qualified projects and project-associated infrastructure.

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 351.1015(a), Tax Code, by adding Subdivision (4-a) to define "project-associated infrastructure."

SECTION 2. Amends Section 351.1015, Tax Code, by amending Subsections (b), (c), (d), (g), and (i) and adding Subsection (j), as follows:

(b) Provides that Section 351.1015 (Certain Qualified Projects) applies only to a qualified project and project-associated infrastructure, rather than only a qualified project, located in certain locations, including a municipality with a population of at least two million. Makes nonsubstantive changes.

(c), (d), (g) and (i) Makes conforming changes to these subsections.

(j) Provides that a local government corporation to which this subsection applies is authorized to act as a municipality under this section and is considered to be a municipality for purposes of this section. Authorizes an action a municipality is required to take by ordinance or order under this section to be taken by order or resolution of the corporation. Provides that this subsection applies only to a local government corporation that is authorized to collect a municipal hotel occupancy tax, is located in a county with a population of 3.3 million or more, and operates a convention center facility located not more than three miles from the city hall of the municipality in which the convention center facility is located.

SECTION 3. Effective date: September 1, 2023.