

BILL ANALYSIS

Senate Research Center
88R20301 CJC-D

C.S.S.B. 1167
By: Birdwell
Natural Resources & Economic Development
3/31/2023
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 1167 allows the city of Waco to participate in the qualified hotel project program under Section 351.156, Texas Tax Code. Following discussions and recommendation from the 87th interim hearings of the Senate Natural Resources and Economic Development Committee, the bill includes a claw back provision to further ensure the project has been given the necessary consideration to be a good investment for the state of Texas as well as to promote tourism and conventions in Waco.

C.S.S.B. 1167 amends current law relating to the authority of certain municipalities to receive certain tax revenue derived from a hotel and convention center project and to pledge certain tax revenue for the payment of obligations related to the project.

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 351.152, Tax Code, as follows:

Sec. 351.152. APPLICABILITY. Provides that Subchapter C (Municipal Hotel and Convention Center Projects) applies only to:

- (1)-(43) makes no changes to these subdivisions;
- (44)-(45) makes nonsubstantive changes to these subdivisions; and
- (46) a municipality that is the county seat of a county:
 - (A) through which the Brazos River flows; and
 - (B) in which a national monument is located.

SECTION 2. Amends Subchapter C, Chapter 351, Tax Code, by adding Section 351.161, as follows:

Sec. 351.161. RECAPTURE OF LOST STATE TAX REVENUE FROM CERTAIN MUNICIPALITIES. (a) Provides that this section applies only to a municipality described by Section 351.152(46).

- (b) Requires the Comptroller of Public Accounts of the State of Texas (comptroller), on the 20th anniversary of the date a hotel was designated as a qualified hotel by a municipality to which this section applies is open for initial occupancy, to determine:

(1) the total amount of state tax revenue received under Section 351.156 (Entitlement to Certain Tax Revenue) by the municipality from the qualified project of which the qualified hotel was a part during the period for which the municipality was entitled to receive that revenue; and

(2) the total amount of state tax revenue described by Section 351.156 received by the state during the period beginning on the 10th anniversary of the date the qualified hotel opened for initial occupancy and ending on the 20th anniversary of that date from the same sources from which the municipality received revenue under Section 351.156.

(c) Requires the comptroller, if the amount determined under Subsection (b)(1) exceeds the amount determined under Subsection (b)(2), to promptly provide written notice to the municipality stating that the municipality is required to remit to the comptroller the difference between those two amounts in the manner provided by this subsection. Requires the municipality to, using money lawfully available to the municipality for the purpose, remit monthly payments to the comptroller in an amount equal to the total amount of municipal hotel occupancy tax revenue received by the municipality from the qualified hotel in the preceding month until the amount remitted to the comptroller equals the total amount due as stated in the notice. Requires that the first payment required under this subsection be made not later than the 30th day after the date the municipality receives the notice from the comptroller. Provides that subsequent payments are due on the 20th day of each month until the total amount stated in the notice is paid. Requires the comptroller to prescribe the procedure a municipality is required to use to remit a payment required by this subsection to the comptroller.

(d) Requires the comptroller to deposit revenue received under this section in the manner prescribed by Section 156.251 (Revenue Deposited in General Revenue Fund).

SECTION 3. Effective date: upon passage or September 1, 2023.