

BILL ANALYSIS

Senate Research Center
88R23602 SRA-F

C.S.S.B. 2220
By: Menéndez
Natural Resources & Economic Development
4/24/2023
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In 2013, the 83rd Legislature, Regular Session, passed S.B. 748, which established the "project finance zone" program which allows for municipalities to designate a three mile zone centered around a convention center or arena in which growth in state hotel taxes collected within the zone would be rebated to the municipality for a 30-year period to pay for improvements to a convention or arena. This provision has allowed the cities of Fort Worth and Dallas to build the Dickies Arena and fund improvements to the Kay Bailey Hutchison Convention Center. Texas has a handful of large city-owned convention centers and arenas that help drive the tourism and travel industries in Texas and expanding the eligibility for project finance zones would help pay for renovations for these economic drivers.

S.B. 2220 expands which municipalities are eligible to designate a project finance zone by inserting language that adds municipalities with a population of at least 1,400,000 and a convention center with at least 40,000 useable square feet. The bill also adds language that authorizes local government corporations to act as a municipality for the purpose of this bill.

The bill would allow for major cities like San Antonio and Houston to become eligible for project finance zones. The City of San Antonio could use the increased revenue to renovate the Henry B. Gonzalez Convention Center and the Alamodome that serve as important tourist destinations.

(Original Author's/Sponsor's Statement of Intent)

Committee Substitute changes:

- Narrows the scope of the bill to San Antonio.
- Strikes the ability of cities to change rules by local order to maintain state control of tax uses.

C.S.S.B. 2220 amends current law relating to the authority of certain municipalities and local government corporations to use certain tax revenue for certain qualified projects.

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, Tax Code, by amending Subsection (a)(5) to redefine "qualified project."

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

- (b) Provides that Section 351.1015 (Certain Qualified Projects) applies only to a qualified project located in:

(1) creates this subdivision from existing text; or

(2) a municipality that contains more than 70 percent of the population of a county with a population of 1.5 million or more.

(j) Provides that a local government corporation is authorized to act as a municipality under this section and is considered to be a municipality for purposes of this section.

SECTION 3. Effective date: September 1, 2023.