

BILL ANALYSIS

C.S.H.B. 3509
By: Anchía
Intergovernmental Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The bill author has informed the committee that the Texas Hotel & Lodging Association has brought attention to the need for clarification in current law relating to tourism public improvement districts. C.S.H.B. 3509 seeks to provide this clarification with respect to a petition to create such a district, authorized uses of district funds, and hotels eligible for inclusion in the district.

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

C.S.H.B. 3509 amends the Local Government Code to revise the conditions under which a petition for the establishment of a tourism public improvement district in certain municipalities is sufficient as follows:

- removes the condition that the petition is signed by record owners of taxable real property liable for assessment under the proposal who constitute:
 - more than 60 percent of the appraised value of such property as determined by the current roll of the applicable appraisal district; and
 - more than 60 percent of all record owners of such property or of the area of all such property;
- includes instead as a condition that the petition is signed by qualified petitioners who represent more than 60 percent of the appraised value of hotel property liable for assessment under the proposal, as determined by the current roll of the applicable appraisal district, and who represent more than 60 percent of:
 - all hotels that are liable for assessment under the proposal; or
 - the area of all real property that is liable for assessment under the proposal; and
- establishes as an additional condition that the petition is accompanied by a written statement for each qualified petitioner signing the petition affirming that petitioner's authority to enter into a binding agreement concerning the operation of a hotel on behalf of the owner of a hotel.

The bill establishes that a person is a qualified petitioner for these purposes if that person meets the following criteria:

- is employed in a management position responsible for overseeing the operations of a hotel, including the owner or general manager of a hotel, a regional manager who

oversees the operations of a hotel, or an employee of a management company who oversees the operation of a hotel; and

- provides a written statement that the person is authorized to enter into a binding agreement concerning the operation of a hotel on behalf of the owner of a hotel.

C.S.H.B. 3509 defines "hotel" by reference to Tax Code provisions relating to the state hotel occupancy tax, including a property that begins operating as a hotel after the establishment of a public improvement district that includes the property.

C.S.H.B. 3509 revises the authorization of a tourism public improvement district created after September 1, 2019, to undertake a project under statutory provisions relating to authorized projects for areas that share a common characteristic or use for projects in municipalities only for advertising, promotion, or business recruitment directly related to hotels, by removing the specification that the advertising, promotion, or business recruitment is as authorized for inclusion in a public improvement district.

C.S.H.B. 3509 repeals Sections 372.0035(a) and (e-1), Local Government Code, which do the following:

- limit the applicability of provisions relating to authorized projects for areas that share a common characteristic or use for projects to certain municipalities and public improvement districts; and
- restrict the authority of a municipality to undertake such a project only for a special supplemental service for improvement and promotion of the district, including services relating to advertising, promotion, health and sanitation, water and wastewater, public safety, security, business recruitment, development, recreation, and cultural enhancement.

C.S.H.B. 3509 applies only to a petition for the establishment or renewal of a public improvement district filed on or after the bill's effective date. A petition filed before the bill's effective date is governed by the law in effect on the date the petition is filed, and the former law is continued in effect for that purpose.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2025.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 3509 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

Both the introduced and the substitute establish the criteria a person must meet to be a qualified petitioner for purposes of the bill's provisions. However, the introduced included in that criteria that the person affirms by affidavit that the person is authorized to enter into a contract on behalf of a hotel, whereas the substitute includes in that criteria that the person provides a written statement that the person is authorized to enter into a binding agreement concerning the operation of a hotel on behalf of the owner of a hotel.

While both the introduced and the substitute define "hotel," the substitute includes in that definition a property that begins operating as a hotel after the establishment of a public improvement district that includes the property, which the introduced did not include.

The substitute repeals provisions that were not repealed by the introduced that do the following:

- limit the applicability of provisions relating to authorized projects for areas that share a common characteristic or use for projects to certain municipalities and public improvement districts; and
- restrict the authority of a municipality to undertake such a project only for a special supplemental service for improvement and promotion of the district, including services relating to advertising, promotion, health and sanitation, water and wastewater, public safety, security, business recruitment, development, recreation, and cultural enhancement.

The introduced established the applicability of the bill's provisions to a petition for the establishment of a public improvement district filed on or after the bill's effective date, whereas the substitute establishes the applicability to a petition for the establishment or renewal of such a district.