

BILL ANALYSIS

Senate Research Center
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S.B. 1703
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Economic Development
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Municipalities across Texas seek to expand economic development by investing in large-scale projects that enhance tourism, business opportunities, and local infrastructure. Hotel and convention center projects serve as vital economic engines by attracting visitors, generating job growth, and increasing local tax revenue. However, the financial demands of such developments can be a significant burden for cities, particularly smaller or mid-sized municipalities looking to compete with larger metropolitan areas.

To encourage the development of these projects, Texas law allows certain municipalities to receive and allocate tax revenue derived from qualified hotel and convention center initiatives. By utilizing a portion of state and local taxes generated by these developments, municipalities can fund the construction and maintenance of these facilities without overburdening local taxpayers. Expanding the eligibility criteria for municipalities that can access these funds ensures broader economic benefits for communities across the state.

S.B. 1703 aims to enhance the ability of certain municipalities to finance hotel and convention center projects by granting them access to specific tax revenues associated with these developments. The bill expands the list of municipalities eligible to receive and pledge tax revenue for the payment of obligations related to these projects. By doing so, the legislation fosters economic growth, tourism, and job creation in communities that might otherwise struggle to finance such large-scale developments.

By broadening the applicability of existing tax provisions, S.B. 1703 ensures that more municipalities can leverage financial tools to support local economic initiatives. This approach helps cities remain competitive in attracting tourism and business events while reducing the fiscal burden on local taxpayers. Ultimately, the bill supports Texas' broader economic development goals by strengthening the financial viability of key municipal projects.

As proposed, S.B. 1703 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 certain municipalities, including a municipality that has a population of more than 130,000 but less than 1.3 million and is located in three counties, each of which has a population of more than 900,000. Makes nonsubstantive changes.

SECTION 2. Amends Section 351.157(b), Tax Code, as follows:

(b) Provides that Section 351.157 (Additional Entitlement for Certain Municipalities) applies only to certain municipalities, including a municipality described by Section 351.152(65) (relating to providing that Subchapter C applies only to certain municipalities, including a municipality that meets certain population requirements and is located in three counties). Makes nonsubstantive changes.

SECTION 3. Effective date: upon passage or September 1, 2025.