

BILL ANALYSIS

Senate Research Center

S.B. 1921
By: West
Local Government
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 1921 is a cleanup bill regarding tourism public improvement districts (TPIDs) in Texas. The intent of the bill is to provide four important clarifications regarding current tourism public improvement district laws.

S.B. 1921 seeks to accomplish the following:

1. Clarifies Who are Eligible Signatories on a Tourism PID Petition: First, the bill clarifies who can be a signatory on a petition to create a tourism public improvement district (primarily covered in the filed version of the bill):
 - a. Currently, state law allows the hotel "property owner" to sign a petition to create a tourism public improvement district.
 - b. However, in many cases, hotel ownership groups are located out of state and/or out of the country. For that reason, virtually all hotel ownership entities utilize their hotel general manager, or the hotel "management company" official or a "regional manager" to sign all corporate documents on behalf of the hotel ownership group.
 - c. This bill clarifies and aligns the statutory wording on who can be a tourism public improvement district petition signatory with the parties who historically sign all binding agreements on behalf of hotel ownership groups. Specifically, the bill enables "hotel owners," "hotel general managers," "hotel management company officials," and hotel "regional managers" "who oversee the operations of a hotel" to sign a tourism public improvement petition, if the signatory provides a written statement that confirms that they are authorized to sign binding agreements on behalf of the hotel ownership group regarding the operation of the hotel.
 - d. The bill only affects the signatories for tourism public improvement districts. It does not in any way affect other types of public improvement districts.
2. Clarifies the Limited Uses of Tourism PID Funds: Second, the bill clarifies that tourism PID funds can only be used for "advertising, promotion, or business recruitment that is directly related to hotels" and that the other types of "supplemental services" listed under Section 372.003 do not apply to a tourism PID (covered in the proposed committee substitute version of the bill).
3. Clarifies That Hotels Under Development Can be Included Within a Tourism PID. Third, the bill clarifies that a tourism PID can include both currently operating hotels as well as properties that will begin operating as a hotel during the term of the Tourism PID (covered in the proposed committee substitute version of the bill).
4. Deletes No Longer Needed City Specific Statutory Bracketing to Create a Tourism PID. This bracketing is no longer needed due to 2019 legislation that allows all Texas cities to create a tourism public improvement district.

The bill is a top priority of the Texas hotel industry. We anticipate the bill will be strongly supported by all the existing cities with TPIDs as well as the Texas Municipal League. We do not anticipate any opposition.

Background on Texas Tourism Public Improvement Districts (TPIDs)

In 2011, the Texas Legislature provided authority for the City of Dallas to create the first Texas tourism public improvement district. In 2012, the Dallas TPID was created after petitions were signed by over 60 percent of the hotels within the district. The Dallas TPID has been one of the most successful tourism PIDs within the nation. Within four years, the Dallas TPID doubled the number of city-wide events within the city, increased overall hotel occupancy by 16 percent, and achieved an ROI of over \$16 in room nights for every dollar provided in sales incentives.

In 2013, the Texas Legislature provided the authority to create a TPID to the Cities of Fort Worth, Arlington, Austin, and San Antonio.

In 2019, the authority to create Texas tourism PIDs was made available by the Texas Legislature to all Texas cities.

Texas currently has 10 tourism public improvement districts in place, including TPIDs within the cities of Dallas, Fort Worth, Arlington, San Antonio, Austin, Corpus Christi, Frisco, Waco, Denton, and Addison.

(Original Author/Sponsor's Statement of Intent)

S.B. 1921 amends current law relating to a common characteristic or use project in a public improvement district in certain municipalities.

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 372.0015, Local Government Code, as follows:

Sec. 372.0015. New heading: DEFINITIONS. Defines "hotel."

SECTION 2. Amends Section 372.0035(e), Local Government Code, as follows:

(e) Provides that a district created after September 1, 2019, notwithstanding Section 372.003 (Authorized Improvements), is authorized to undertake a project under Section 372.0035 (Common Characteristic or Use for Projects in Municipalities) only for advertising, promotion, or business recruitment, rather than for advertising, promotion or business recruitment as authorized by Section 372.003(b)(13) (relating to authorizing certain public improvement projects for a municipality to include certain special supplemental services for improvement and promotion of the district), directly related to hotels. Makes a nonsubstantive change.

SECTION 3. Amends Section 372.005, Local Government Code, by amending Subsection (b-1) and adding Subsection (b-2), as follows:

(b-1) Provides that a person is a qualified petitioner under Subsection (b-2) if the person meets certain requirements.

(b-2) Creates this subsection from existing text. Provides that, notwithstanding Subsection (b) (relating to providing that the petition is sufficient if signed by certain persons), a petition for the establishment of a public improvement district described by Section 372.0035(a-1) (relating to providing that this section does not prohibit a

municipality from or limit a municipality to establishing a district that includes a noncontiguous area) is sufficient only if the petition is:

(1) 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 appraisal district in which the property is located, and who:

(A) represent more than 60 percent of all hotels that are liable for assessment under the proposal; or

(B) represent more than 60 percent of the area of all real property that is liable for assessment under the proposal; and

(2) accompanied by the written statement described by Subsection (b-1)(2) (relating to providing that a person is a qualified petitioner if the person affirms by affidavit that the person is authorized to enter into a contract on behalf of a hotel) for each qualified petitioner signing the petition.

Deletes existing text providing that, notwithstanding Subsection (b), a petition for the establishment of a public improvement district described by Section 372.0035(a) or (a-1) is sufficient only if 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 taxable real property liable for assessment under the proposal, as determined by the current roll of the appraisal district in which the property is located and more than 60 percent of all record owners of taxable real property that are liable for assessment under the proposal. Makes nonsubstantive changes.

SECTION 4. Repealers: Sections 372.0035(a) (relating to providing that Section 372.0035 only applies to certain municipalities and public improvement districts) and (e-1) (relating to providing that a municipality is authorized to undertake a public improvement project only for a purpose described by Section 372.003(b)(13)), Local Government Code.

SECTION 3. Makes application of Section 372.005 (Petition), Local Government Code, as amended by this Act, prospective.

SECTION 4. Effective date: upon passage or September 1, 2025.