

## **BILL ANALYSIS**

C.S.H.B. 3692  
By: Landgraf  
Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Certain eligible municipalities, interested parties note, may use municipal hotel occupancy tax revenue for the construction of a convention center hotel. C.S.H.B. 3692 seeks to add to those eligible municipalities for purposes of economic development.

### **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. 3692 amends the Government Code to include in the definition of "qualified hotel project" for purposes of the Texas Enterprise Zone Act a hotel proposed to be constructed that is within 1,000 feet of a convention center facility owned by a municipality with a population of at least 99,900 but not more than 112,000 that is located in a county with a population of at least 135,000 but not more than 200,000.

C.S.H.B. 3692 amends the Tax Code to include in the definition of "convention center facilities" and "convention center complex" for purposes related to the municipal hotel occupancy tax a hotel to be owned by a person, including a private entity, to be constructed within 1,000 feet of a convention center facility owned by a municipality with a population of at least 99,900 but not more than 112,000 that is located in a county with a population of at least 135,000 but not more than 200,000. The bill authorizes such a municipality to agree to rebate, refund, or pay all or part of the revenue from the municipal hotel occupancy tax that is derived from the applicable qualified hotel project proposed to be constructed or constructed in the municipality for a term determined by the municipality not to extend beyond the 20th anniversary of the date the qualified hotel project opens for initial occupancy. The bill prohibits the municipality, if the municipality agrees to rebate, refund, or pay revenue in such manner, from reducing on or after the date the qualified hotel project from which the revenue is derived opens for initial occupancy the percentage of municipal hotel occupancy tax revenue allocated for certain advertising, solicitations, and promotional programs to a percentage that is less than the average percentage of that revenue, not including any reserve or surplus, allocated by the municipality for that purpose during the 36-month period preceding the date the municipality begins using revenue for a rebate, refund, or payment. The bill entitles the municipality to receive hotel occupancy tax revenue from an applicable qualified hotel project that an owner of the project may receive in relation to the Texas Enterprise Zone Act during the first 20 years after the qualified hotel project is open for initial occupancy.

**EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2015.

**COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 3692 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

**INTRODUCED**

**HOUSE COMMITTEE SUBSTITUTE**

SECTION 1. Section 1504.001, Government Code, is amended by adding Subsection (c) to read as follows:

No equivalent provision.

(c) A municipality with a population of at least 99,900 but not more than 112,000 that is located in a county with a population of at least 135,000 but not more than 200,000 may establish, acquire, lease as lessee or lessor, construct, improve, enlarge, and equip a hotel and any facilities ancillary to the hotel, including shops, parking facilities, and plazas, that are owned by or located on land owned by the municipality or by a nonprofit corporation acting on behalf of the municipality, and that are located within 1,000 feet of a convention center facility owned by the municipality.

SECTION 2. Section 1504.002, Government Code, is amended by adding Subsection (c) to read as follows:

No equivalent provision.

(c) A municipality with a population of at least 99,900 but not more than 112,000 that is located in a county with a population of at least 135,000 but not more than 200,000 may issue bonds or incur other obligations to acquire, lease, construct, or equip a facility described by Section 1504.001(c).

SECTION 3. Section 2303.003(8), Government Code, is amended.

SECTION 1. Same as introduced version.

SECTION 4. Section 351.001(2), Tax Code, is amended to read as follows:

SECTION 2. Section 351.001(2), Tax Code, is amended to read as follows:

(2) "Convention center facilities" or "convention center complex" means facilities that are primarily used to host conventions and meetings. The term means civic centers, civic center buildings, auditoriums, exhibition halls, and coliseums that are owned by the municipality or other governmental entity or that are managed in

(2) "Convention center facilities" or "convention center complex" means facilities that are primarily used to host conventions and meetings. The term means civic centers, civic center buildings, auditoriums, exhibition halls, and coliseums that are owned by the municipality or other governmental entity or that are managed in

whole or part by the municipality. In a municipality with a population of 1.5 million or more, "convention center facilities" or "convention center complex" means civic centers, civic center buildings, auditoriums, exhibition halls, and coliseums that are owned by the municipality or other governmental entity or that are managed in part by the municipality, hotels owned by the municipality or a nonprofit municipally sponsored local government corporation created under Chapter 431, Transportation Code, within 1,000 feet of a convention center owned by the municipality, or a historic hotel owned by the municipality or a nonprofit municipally sponsored local government corporation created under Chapter 431, Transportation Code, within one mile of a convention center owned by the municipality. The term includes parking areas or facilities that are for the parking or storage of conveyances and that are located at or in the vicinity of other convention center facilities. The term also includes a hotel owned by or located on land that is owned by an eligible central municipality or by a nonprofit corporation acting on behalf of an eligible central municipality and that is located within 1,000 feet of a convention center facility owned by the municipality. The term also includes a hotel proposed to be constructed, remodeled, or rehabilitated by a municipality or a nonprofit municipally sponsored local government corporation created under Chapter 431, Transportation Code, that is within 3,000 feet of the property line of a convention center owned by a municipality having a population of more than 500,000 and that borders the United Mexican States. The term also includes a hotel to be owned by the municipality or by another person, including a private entity, to be constructed within 1,000 feet of a convention center facility owned by a municipality with a population of at least 99,900 but not more than 112,000 and that is located in a county with a population of at least 135,000 but not more than 200,000.

SECTION 5. Subchapter B, Chapter 351, Tax Code, is amended by adding Section 351.1078 to read as follows:

Sec. 351.1078. ALLOCATION OF REVENUE: CERTAIN

whole or part by the municipality. In a municipality with a population of 1.5 million or more, "convention center facilities" or "convention center complex" means civic centers, civic center buildings, auditoriums, exhibition halls, and coliseums that are owned by the municipality or other governmental entity or that are managed in part by the municipality, hotels owned by the municipality or a nonprofit municipally sponsored local government corporation created under Chapter 431, Transportation Code, within 1,000 feet of a convention center owned by the municipality, or a historic hotel owned by the municipality or a nonprofit municipally sponsored local government corporation created under Chapter 431, Transportation Code, within one mile of a convention center owned by the municipality. The term includes parking areas or facilities that are for the parking or storage of conveyances and that are located at or in the vicinity of other convention center facilities. The term also includes a hotel owned by or located on land that is owned by an eligible central municipality or by a nonprofit corporation acting on behalf of an eligible central municipality and that is located within 1,000 feet of a convention center facility owned by the municipality. The term also includes a hotel proposed to be constructed, remodeled, or rehabilitated by a municipality or a nonprofit municipally sponsored local government corporation created under Chapter 431, Transportation Code, that is within 3,000 feet of the property line of a convention center owned by a municipality having a population of more than 500,000 and that borders the United Mexican States. The term also includes a hotel to be owned by a person, including a private entity, to be constructed within 1,000 feet of a convention center facility owned by a municipality with a population of at least 99,900 but not more than 112,000 and that is located in a county with a population of at least 135,000 but not more than 200,000.

SECTION 3. Subchapter B, Chapter 351, Tax Code, is amended by adding Section 351.1078 to read as follows:

Sec. 351.1078. ALLOCATION OF REVENUE: CERTAIN

MUNICIPALITIES. (a) This section applies only to a qualified hotel project, as that term is defined by Section 2303.003, Government Code, proposed to be constructed or constructed in a municipality with a population of at least 99,900 but not more than 112,000 that is located in a county with a population of at least 135,000 but not more than 200,000.

(b) Notwithstanding Section 2303.5055, Government Code, and any other provision of this chapter, a municipality to which this section applies may agree to rebate, refund, or pay all or part of the revenue from the tax imposed under this chapter that is derived from the qualified hotel project for a term determined by the municipality, which may not extend beyond the 20th anniversary of the date construction of the qualified hotel project began.

(c) If the municipality agrees to rebate, refund, or pay revenue under Subsection (b), the municipality may not reduce the percentage of revenue from the tax imposed under this chapter and allocated for a purpose described by Section 351.101(a)(3) to a percentage that is less than the average percentage of that revenue, not including any reserve or surplus, allocated by the municipality for that purpose during the 36-month period preceding the date the municipality begins using revenue under Subsection (b).

(d) A municipality to which this section applies is entitled to receive hotel occupancy tax revenue from a qualified hotel project that an owner of the project may receive under Section 151.429(h) of this code and Section 2303.5055, Government Code, during the first 20 years after the qualified hotel project is open for initial occupancy.

SECTION 6. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2015.

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(b) Notwithstanding Section 2303.5055, Government Code, and any other provision of this chapter, a municipality to which this section applies may agree to rebate, refund, or pay all or part of the revenue from the tax imposed under this chapter that is derived from the qualified hotel project for a term determined by the municipality, which may not extend beyond the 20th anniversary of the date the qualified hotel project opens for initial occupancy.

(c) If the municipality agrees to rebate, refund, or pay revenue under Subsection (b), the municipality may not, on or after the date the qualified hotel project from which the revenue is derived opens for initial occupancy, reduce the percentage of revenue from the tax imposed under this chapter and allocated for a purpose described by Section 351.101(a)(3) to a percentage that is less than the average percentage of that revenue, not including any reserve or surplus, allocated by the municipality for that purpose during the 36-month period preceding the date the municipality begins using revenue under Subsection (b).

(d) A municipality to which this section applies is entitled to receive hotel occupancy tax revenue from a qualified hotel project that an owner of the project may receive under Section 151.429(h) of this code and Section 2303.5055, Government Code, during the first 20 years after the qualified hotel project is open for initial occupancy.

SECTION 4. Same as introduced version.