

## **BILL ANALYSIS**

S.B. 2089  
By: Lucio  
Ways & Means  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

The Riverfront Project in Cameron County drives roughly \$300 million in private capital towards construction in the area between the Gateway International Toll Bridge and the B&M International Toll Bridge in order to provide safe international crossings and revitalize an entertainment tourism district. However, the applicable statute does not authorize the use of revenue gained from municipal hotel occupancy taxes towards infrastructure improvements related to an international bridge, even if the bridge is owned by the county and promotes tourism, which is the case in Cameron County with the Riverfront Project. S.B. 2089 seeks to grant the authority to an applicable municipality to use municipal hotel occupancy tax revenue to acquire, construct, enhance, upgrade, operate, and maintain convention center facilities, multipurpose arenas, venues, and spaceport and spacecraft observation facilities.

### **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**

S.B. 2089 amends the Tax Code to authorize a qualified project located in a municipality that is the county seat of a county bordering the Gulf of Mexico and the United Mexican States to be funded by revenue from the municipal hotel occupancy tax. A qualified project is defined by the bill as one of the following:

- a venue related to the promotion of tourism and the convention and hotel industry that is located on land owned by a municipality, another governmental entity, or the owner of the venue and that is partially financed by private contributions that equal not less than 40 percent of the project costs; or
- towers and other facilities used by hotel guests and tourists to observe spacecraft and spaceport activities and learn about spacecraft and spaceport operations and launches.

S.B. 2089 authorizes a municipality to pledge the revenue derived from the municipal hotel occupancy tax from a hotel located in the project financing zone, as defined by the bill, for the payment of bonds or other obligations issued or incurred to acquire, lease, construct, improve, enlarge, equip, operate, maintain, and repair the qualified project or to acquire real property on which the qualified project is located. The bill authorizes a municipality to pledge for the payment of those bonds or other obligations the local revenue from eligible taxable proceeds from hotels located in a project financing zone that would be available to the owners of qualified hotel projects if the hotels were qualified hotel projects.

S.B. 2089 requires a municipality to notify the comptroller of public accounts of the municipality's designation of a project financing zone not later than the 30th day after the date the municipality designates the zone. The bill makes the municipality eligible to receive the incremental hotel-associated revenue, as defined by the bill, from the project financing zone for a specified period and authorizes the municipality to pledge the revenue for the payment of those bonds or other obligations.

S.B. 2089 requires the comptroller to deposit the incremental hotel-associated revenue collected by or forwarded to the comptroller in a separate suspense account outside the state treasury to be held in trust for the applicable municipality. The bill sets out additional comptroller actions regarding the account and the methods by which the comptroller is required to make deposits to and disbursements from the account. The bill requires the municipality to notify the comptroller if the qualified project in the project financing zone is abandoned, in which case the comptroller is required to transfer to the general revenue fund the amount of money in the suspense account that exceeds the amount required for the payment of the bonds or other obligations related to the qualified project.

**EFFECTIVE DATE**

September 1, 2021.