

SUBJECT: Removing population limits from tourism public improvement districts

COMMITTEE: Urban Affairs — committee substitute recommended

VOTE: 6 ayes — Button, Shaheen, J. González, Goodwin, E. Johnson, Morales

0 nays

3 absent — Middleton, Patterson, Swanson

WITNESSES: For — Jared Miller, City of Amarillo; Carla Pendergraft, City of Waco; Scott Joslove, Texas Hotel and Lodging Association (*Registered, but did not testify*); Eddie Solis, City of Frisco; Bill Kelly, City of Houston Mayor's Office; Jay Barksdale, Irving Convention and Visitors Bureau, VisitDallas, Irving-Las Colinas Chamber of Commerce; Monty Wynn, Texas Municipal League)

Against — None

BACKGROUND: Local Government Code sec. 372.0035 establishes conditions under which a municipality may authorize public improvement districts (PIDs) related to the promotion of hotel business. To be eligible, the municipality must have a population of:

- more than 325,000 and less than 625,000; or
- more than 650,000 and less than 2 million.

Participation in PIDs is limited to hotels with certain numbers of rooms, depending on the size of the municipality.

DIGEST: CSHB 1136 would remove population and hotel size restrictions from the requirements that govern a municipality's ability to establish a public improvement district (PID) under Local Government Code, sec. 372.0035.

Any such PID created after September 1, 2019, would be restricted in its activities to advertising, promotion, or business recruitment directly

related to hotels.

The bill would allow the governing body of a municipality to include in a PID hotels that opened after the creation of the PID regardless of whether the record owners of the property signed the original petition.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2019.

**SUPPORTERS
SAY:**

CSHB 1136 would allow the hotels in tourism and convention areas to pool their resources regardless of the size of their cities.

If 60 percent of the hotels in a city petition the local city council, and if the council approves, local hotels may form a tourism public improvement district (PID). Under this arrangement, the district would levy a small tax on all the hotels in the district and use the proceeds to promote the area as a whole. Since Dallas founded its tourism PID in 2012, both the occupancy rate of Dallas hotels and the city's ability to secure conventions have improved significantly. Other Texas cities have followed in taking advantage of this arrangement.

Smaller municipalities have greater difficulty in securing the benefits of tourism PIDs. The population restrictions in current law require these cities to obtain a separate act of the Legislature in order to establish them. Making this device available to all cities regardless of size would be both efficient and fair. This bill would make available to all interested Texas cities an economic tool with proven effectiveness.

**OPPONENTS
SAY:**

CSHB would be an unnecessary expansion of local government that could interfere with the free market. Private businesses seeking to increase tourism to boost their profits are free to form their own voluntary associations to accomplish these goals.