

SUBJECT: Allowing Edinburg to use hotel occupancy taxes for certain infrastructure

COMMITTEE: Ways and Means — favorable, without amendment

VOTE: 9 ayes — Burrows, Guillen, Bohac, Cole, Martinez Fischer, Murphy,
Noble, E. Rodriguez, Shaheen

0 nays

2 absent — Sanford, Wray

SENATE VOTE: On final passage, April 10 — 29-1 (Hall)

WITNESSES: *On House companion bill, HB 4203:*
For — Scott Joslove, Texas Hotel and Lodging Association; (*Registered, but did not testify:* Elvia Lopez, City of Edinburg, Edinburg Economic Development Corporation)

Against — None

BACKGROUND: Tax Code sec. 351.1068 allows a municipality that is the county seat of a county that is located on the Texas-Mexico border, has a population of 500,000 or more, and is adjacent to two or more counties with populations of 50,000 or more (Edinburg) to use revenue derived from the municipal hotel occupancy tax to construct, maintain, or expand a sporting-related facility or sporting-related field on property owned by the municipality, provided the municipality's sports facilities and fields have been used in the preceding calendar year a combined total of more than 10 times for district, state, regional, or national sports tournaments, games, or events.

The municipality must determine the amount of revenue generated by the sports events held on the facilities or fields for 10 years and cannot spend more than this amount for the construction, enhancement, or upgrading of facilities or fields.

Local Government Code sec. 334.001 defines "related infrastructure" as

any store, restaurant, on-site hotel, concession, automobile parking facility, area transportation facility, road, street, water or sewer facility, park, or other on-site or off-site improvement that relates to and enhances the use, value, or appeal of a venue, including areas adjacent to the venue, and any other expenditure reasonably necessary to construct, improve, renovate, or expand a venue, including an expenditure for environmental remediation.

DIGEST: SB 2137 would expand the list of possible uses for revenue derived from the municipal hotel occupancy tax by a municipality that was the county seat of a county that was located on the Texas-Mexico border, had a population of 500,000 or more, and was adjacent to two or more counties with populations of 50,000 or more (Edinburg) to include the construction, maintenance, or expansion of infrastructure directly related to and within 2,500 feet of a facility or field.

Use of the municipal hotel occupancy tax for related infrastructure would be subject to the same conditions currently in statute for use of the hotel occupancy tax for constructing, maintaining, and expanding sporting-related facilities and fields.

The bill would take effect September 1, 2019.

SUPPORTERS SAY: SB 2137 would allow the city of Edinburg to use hotel occupancy tax revenues to pay for infrastructure projects within 2,500 feet of its professional soccer stadium, improve the area around the stadium, and attract more tourists to the city. The city already is experiencing rapid growth and quickly becoming a tourist destination because of the stadium, and the bill would help enable the area to adequately accommodate development nearby. The bill would not add a new tax but merely expand the permissible uses of the existing hotel occupancy tax.

OPPONENTS SAY: SB 2137 would expand Edinburg's use of hotel occupancy tax revenues, which, in general, should not be used by municipalities to aid the tourism or travel industries. There is no clear way for lawmakers to evaluate whether the benefits to the tourism industry outweigh the costs of the

hotel occupancy tax.