BILL ANALYSIS

Senate Research Center | S.B. 748
By: Nelson
Economic Development
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The purpose of this legislation is to allow the City of Fort Worth to improve cultural and entertainment venues within its city limits. Specifically**,** the bill allows the city to create a project financing zone within three miles of a qualified project and use certain local and state hotel occupancy and sales tax revenues to finance the initiative.

As proposed, S.B. 748 amends current law relating to the use of certain tax revenue to enhance and upgrade convention center facilities, multipurpose arenas, multiuse facilities, and related infrastructure 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 Subchapter B, Chapter 351, Tax Code, by adding Section 351.1015, as follows:

Sec. 351.1015. CERTAIN QUALIFIED PROJECTS. (a) Defines "project financing zone," "qualified project," and "tax base" in this section.

(b) Provides that this section applies only to a qualified project located in a municipality with a population of at least 650,000 but less than 800,000.

(c) Authorizes revenue from the municipal hotel occupancy tax to be used, in addition to the uses provided by Section 351.101 (Use of Tax Revenue), to fund a qualified project.

(d) Authorizes a municipality to pledge the revenue derived from the tax imposed under this chapter (Municipal Hotel Occupancy Taxes) from a hotel located in the project financing zone for the payment of bonds or other obligations issued or incurred to acquire, lease, construct, and equip the qualified project.

(e) Entitles a municipality, notwithstanding other law, to receive funds from hotels located in a project financing zone that an owner of a qualified hotel project may receive under Section 151.429(h) (relating to the owner of certain qualified hotel projects receiving certain rebates, refunds, or payments of sales and use taxes during the first 10 years that the qualified hotel project is open for initial occupancy) of this code, or Section 2303.5055 (Refund, Rebate, or Payment of Tax Proceeds to Qualified Hotel Project), Government Code, and authorizes the municipality to pledge the funds for the payment of bonds or other obligations described by Subsection (d). Prohibits the amount the municipality is entitled to receive under this subsection from exceeding the difference between the tax base and the total amount the owners of all included hotels may receive under those provisions. Provides that the funds are not subject to the limitations provided by Section 151.429(h) of this code or the provisions of Section 2303.5055, Government Code, but are required to be deposited and distributed as provided by those sections.

(f) Requires that the funds received under Subsection (e) be held in trust by the comptroller of public accounts (comptroller) in a separate suspense account for not more than five years after the date of the first deposit following the date the project financing zone is designated. Requires the comptroller, when a qualified project is commenced, to release the funds to the municipality for which they were held in trust.

SECTION 2. Amends Section 351.1065(a), Tax Code, to require an eligible central municipality to use the amount of revenue from the tax that is derived from the application of the tax at a rate of more than seven percent of the cost of a room only for the construction of an expansion of an existing convention center facility; a qualified project to which Section 351.1015 applies; and pledging payment of revenue bonds and revenue refunding bonds issued under Subchapter A (Revenue Bonds for Certain Facilities), Chapter 1504 (Obligations for Municipal Buildings), Government Code, for the construction or qualified project, rather than for the construction of the expansion.

SECTION 3. Effective date: September 1, 2013.