

BILL ANALYSIS

Senate Research Center

S.B. 1136
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Natural Resources & Economic Development
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The City of Edinburg, Texas, is experiencing rapid growth and quickly becoming a tourist destination. The City of Edinburg will soon finish the construction of a 9,000-seat professional soccer arena. Surrounding the stadium are sports fields that include the professional soccer team's practice field. The area around the soccer stadium also has several recently built hotels that have attracted tourists and have been experiencing escalating room rentals and revenue.

S.B. 1136 allows the City of Edinburg to use the municipal hotel occupancy tax (HOT) revenue to pay for the construction, maintenance, and expansion of sporting-related facilities surrounding the soccer stadium.

S.B. 1136 amends the Tax Code to allow for HOT revenue collection if certain criteria are met—if the municipality's sports facilities and fields have been used in the preceding year a combined total of 10 times for district, state, regional, or national sports tournaments.

S.B. 1136 is bracketed only to the City of Edinburg. The Texas Hotel and Lodging Association has worked with the City of Edinburg to draft this legislation.

As proposed, S.B. 1136 amends current law relating to the use of municipal hotel occupancy tax revenue for sporting-related facilities 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 351.1068, as follows:

Sec. 351.1068. ALLOCATION OF REVENUE FOR CERTAIN MUNICIPALITIES. (a) Provides that this section applies only to a municipality that is the county seat of a county that is adjacent to the Texas-Mexico border, has a population of 500,000 or more, and is adjacent to two or more counties each of which has a population of 50,000 or more.

(b) Authorizes an applicable municipality to use local hotel occupancy tax revenue for constructing, maintaining, or expanding a sporting-related facility or sporting-related field on property owned by the municipality if 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.

(c) Requires an applicable municipality, if the municipality uses revenue derived from the tax imposed under Chapter 351 (Municipal Hotel Occupancy Taxes) for the construction or expansion of a sporting-related facility or sporting-related field described by Subsection (b), to reimburse the municipality's hotel occupancy tax revenue fund from the municipality's general fund for any expenditure greater

than the amount of hotel revenue within the municipality that is attributable to sporting or other events held at the facility or field during the 10 years beginning on the date the construction or expansion is completed.

(d) Requires the municipality, on certain anniversaries of the date the construction or expansion of a sporting-related facility or sporting-related field is completed, to determine and produce a report indicating whether hotel revenue within the municipality attributable to sporting or other events held at the facility or field to date is less than the amount of hotel occupancy tax revenue expended on the facility or field. Requires the municipality, if hotel revenue within the municipality attributable to sporting events held at the facility or field to date is less than the amount of hotel occupancy tax revenue expended on the facility or field for the preceding two-year period, to reimburse the municipality's hotel occupancy tax revenue fund from the municipality's general fund for any expenditure greater than the amount of hotel revenue in the municipality attributable to sporting or other events held at the facility or field.

(e) Prohibits an applicable municipality, if the municipality uses revenue derived from the tax imposed under this chapter for a purpose described by Subsection (b), from reducing the percentage of revenue from the imposed tax and allocated for a purpose described by Section 351.101(a)(3) (authorizing municipal hotel occupancy tax revenue to be used for certain purposes to attract certain individuals) to a percentage that is less than the average percentage of revenue allocated by the municipality for that purpose during the 36-month period preceding the date the municipality begins using the revenue for the applicable purpose described by Subsection (b).

SECTION 2. Effective date: September 1, 2017.