

## **BILL ANALYSIS**

Senate Research Center  
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C.S.S.B. 1136  
By: Hinojosa  
Natural Resources & Economic Development  
3/29/2017  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The City of Edinburg, Texas, is experiencing rapid growth and quickly becoming a tourist destination. Edinburg will soon finish the construction of a 9,000-seat professional soccer arena. Surrounding the stadium are sports fields and facilities that include the professional soccer team's practice field. The area around the professional soccer stadium has recently seen several new hotels built, largely attributable to the soccer stadium attracting tourists and overnight guests.

C.S.S.B. 1136 will allow 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.

C.S.S.B. 1136 amends the Tax Code to allow for the 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, games, and events.

Edinburg will spend the municipal HOT revenue for construction and expansion of the sporting-related facilities. The city has 10 years to ensure the tax revenue on the sports facility or sports-related field is less than the revenues of the area hotels attributable to sporting or other events held at the facility of field. If not, the city will reimburse the municipal HOT revenue fund from the city's general fund.

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

C.S.S.B. 1136 amends current law relating to the use of municipal hotel occupancy tax revenue by 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 SPORTS FACILITIES BY CERTAIN MUNICIPALITIES. (a) Provides that this section applies only to 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, each of which has a population of 50,000 or more.

(b) Authorizes an applicable municipality 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.

(c) Requires an applicable municipality that uses revenue derived from the municipal hotel occupancy tax for a purpose described by Subsection (b) to determine the amount of municipal hotel occupancy tax revenue generated for the municipality by hotel activity attributable to the sports tournaments, games, and events held on the newly constructed, enhanced, or upgraded facilities or fields for 10 years after the date the construction, enhancements, or upgrades are completed; and prohibits an applicable municipality that uses revenue derived from the municipal hotel occupancy tax for a purpose described by Subsection (b) from spending tax revenue for the construction, enhancement, or upgrading of the facilities or fields in a total amount that exceeds the amount of area hotel revenue attributable to the construction, enhancements, or upgrades.

(d) Requires an applicable municipality to which this section applies to reimburse from the municipality's general fund any expenditure in excess of the amount of area hotel revenue attributable to the construction, enhancements, or upgrades to the municipality's hotel occupancy tax fund.

(e) Prohibits an applicable municipality, if the municipality uses revenue derived from the municipal hotel occupancy tax for a purpose described by Subsection (b), from reducing the percentage of revenue from that tax 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 that revenue allocated by the municipality for that purpose during the 36-month period preceding the date the municipality begins using the revenue for a purpose described by Subsection (b).

SECTION 2. Effective date: upon passage or September 1, 2017.