

BILL ANALYSIS

Senate Research Center
85R6679 CJC-F

S.B. 832
By: Estes
Natural Resources & Economic Development
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 832 adds another bracket, for the City of Prosper, to the authority already granted to several other municipalities in Section 351.102(b), Tax Code.

This authority is for the municipality to pledge the revenue generated from the municipal hotel occupancy tax, from certain hotels, for the payment of bonds issued to acquire, lease, construct, and equip the hotels and any facilities ancillary to the hotels, including convention centers, entertainment-related facilities, meeting spaces, restaurants, shops, street, water, and sewer infrastructure necessary for the operation of the hotel or ancillary facilities, and parking facilities within 1,000 feet of the hotel or convention center facility.

In essence, current law already allows some cities to pledge the hotel occupancy taxes derived from certain hotels to pay bonds issued to acquire, build, construct, equip, etc. those hotels and facilities ancillary to those hotels. S.B. 832 adds another city to current law.

As proposed, S.B. 832 amends current law relating to the authority of certain municipalities to pledge revenue from the municipal hotel occupancy tax for the payment of obligations related to hotel projects.

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 Section 351.102, Tax Code, by amending Subsections (b), (c), and (d) and adding Subsection (e), as follows:

(b) Authorizes an eligible central municipality or a municipality described by this subsection or Subsection (e), for bonds or other obligations issued under this subsection, to only pledge revenue or other assets of the hotel project benefiting from those bonds or other obligations.

(c) Provides that a municipality to which Subsection (b) or (e) applies is entitled to receive all funds from a project described by this section (Pledge For Bonds) that an owner of a project may receive under Section 151.429(h) (relating to the rebate, refund, or payment of sales and use taxes to the owner of a qualified hotel project) of this code, or Section 2303.5055 (Refund, Rebate, or Payment of Tax Proceeds to Qualified Hotel Project), Government Code.

(d) Prohibits an eligible central municipality or another municipality described by Subsection (b) or (e) that uses certain revenue or funds for a hotel project described by Subsection (b), except as provided by this subsection, from reducing the percentage of certain tax revenue.

(e) Provides that, in addition to the municipalities described by Subsection (b), that subsection also applies to a municipality with a population of at least 9,000 but not more

than 10,000 that is located in two counties, each of which has a population of at least 662,000 and a southern border with a county with a population of 2.3 million or more.

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