

BILL ANALYSIS

Senate Research Center
86R23594 GRM-F

C.S.S.B. 1393
By: Seliger
Natural Resources & Economic Development
4/5/2019
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Under state law, municipal hotel occupancy tax (HOT) revenues are dedicated by statute and may only be spent as provided under Chapter 351 of the Tax Code. The City of Odessa is not currently permitted to use municipal HOT revenue to construct a sports facility on land owned by a state university.

S.B. 1393 would allow the City of Odessa to use its municipal HOT revenue for the construction of sports facilities located on land owned by The University of Texas of the Permian Basin. (Original Author's/Sponsor's Statement of Intent)

C.S.S.B. 1393 amends current law relating to the use of municipal hotel occupancy tax revenue 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 351.10712, as follows:

Sec. 351.10712. ALLOCATION OF REVENUE FOR CONSTRUCTION AND MAINTENANCE OF SPORTS FACILITIES BY CERTAIN MUNICIPALITIES. (a) Provides that this section applies only to a municipality with a population of at least 95,000, in which the main campus of a component university of The University of Texas System is located, and that is located in a county with a population of not more than 140,000.

(b) Authorizes a municipality to which this section applies, notwithstanding any other provision of this chapter (Municipal Hotel Occupancy Taxes), to use revenue derived from the tax imposed under this chapter to construct and maintain a sports facility on land owned by a state university if the municipality leases the land on which the sports facility will be located from the university for a term of at least 25 years.

(c) Provides that a municipality that uses revenue derived from the tax imposed under this chapter for a purpose described by Subsection (b):

(1) is required to determine the amount of area hotel revenue attributable to the sports events and tournaments held at the sports facility for seven years after the date the municipality first uses hotel occupancy tax revenue for the purpose described by Subsection (b);

(2) is required to at the end of the seven-year period described by Subdivision (1) reimburse from the municipality's general fund to the municipality's hotel occupancy tax revenue fund any hotel occupancy tax

revenue expended on the sports facility during that period in excess of the amount determined under Subdivision (1); and

(3) is prohibited from during the seven-year period described by Subdivision (1) reducing the percentage of revenue from the tax imposed under this chapter and allocated for a purpose described by Section 351.101(a)(3) (relating to authorizing a municipal hotel tax revenue to be used for certain advertising to attract tourists and convention delegates or registrants) 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 first uses hotel occupancy tax revenue for the purpose described by Subsection (b).

SECTION 2. Effective date: upon passage or September 1, 2019.