

BILL ANALYSIS

Senate Research Center

S.B. 642
By: Johnson
Intergovernmental Relations
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 642 would allow for the creation of a tourism public improvement district (TPID) for the city of Irving. TPIDs are tourism-promoting entities controlled by local hotels to promote tourism in the area.

TPIDs are not automatically created by statute. Instead they are a bracketed inclusion in the TPID law, which allows for a vote of 60 percent of local hotel ownership with 75 rooms or more to create the district, pending authorization from the city council. The eligible hoteliers then establish a board to represent all members across the geography of the municipality as well as the variety of property types. The TPID is then allowed to levy an assessment fee (typically two percent) on room reservations. Typically, a TPID will contract with the city to collect the funds and the local Convention and Visitors Bureau to administer the program.

A TPID service plan must meet the needs of all the TPID's members. These can include sales efforts and room night incentives, event funding, promotion and advertising, and funding of familiarization tours.

The first TPID was authorized in 2011 for Dallas, and the results have been highly successful: the city has secured more conventions and events, hotel occupancy levels have increased by 16 percent, and occupancy tax collections have risen. The Dallas TPID was initially created for 5 years, but the local hoteliers have renewed the organization for an additional 13-year term.

Following Dallas, the cities of Arlington, Austin, Fort Worth, and San Antonio gained the same legislative authority in 2015. Irving has become a tourist destination in recent years, hosting musical events, conventions, and sporting events. Local stakeholders desire TPID authority in order to capitalize on this success and ensure the continued growth of tourism in the city. (Original Author's/Sponsor's Statement of Intent)

S.B. 642 amends current law relating to a common characteristic or use project in a public improvement district 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 Section 372.0035(a), Local Government Code, to provide that this section (Common Characteristic or Use For Projects in Certain Municipalities) applies to certain municipalities, including a municipality that has a population of more than 200,000 and less than 225,000, and to a public improvement district established by such a municipality. Makes nonsubstantive changes and a conforming change.

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