

## **BILL ANALYSIS**

Senate Research Center  
88R25432 CJD-F

C.S.H.B. 4565  
By: Longoria (LaMantia)  
Natural Resources & Economic Development  
5/18/2023  
Committee Report (Substituted)

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

In 2015, the City of Harlingen financed the building of a convention center by issuing certificates of obligation. This obligated the city to annual payments through the year 2040. The convention center was completed and is operational, and the remaining principal balance on the certificates of obligation is \$10,790,000. Finding alternative means to finance and pay the debt service on the convention center project would free up resources that the City of Harlingen and the Harlingen Community Improvement Board, an economic development corporation that helps reimburse the city for some of its debt service payments, could put to better use for basic services and economic development projects. C.S.H.B. 4565 seeks to authorize the City of Harlingen to increase its municipal hotel occupancy tax (HOT) rate by two percent, with this additional revenue being able to be used to pay costs associated with the construction, expansion, maintenance, financing, operation, or debt service of the convention center.

C.S.H.B. 4565 no longer allows the city of Harlingen to increase its municipal HOT rate to fund debt service or costs related to the maintenance and operation of the convention center. Instead, it aligns the city of Harlingen with the cities of Edinburg and El Paso, and authorizes Harlingen to hold a venue tax election to approve a two percent hotel tax increase to finance pending costs from the convention center.

C.S.H.B. 4565 amends current law relating to the authority of certain municipalities to use hotel occupancy tax revenue for certain venue 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 334.0082, Local Government Code, by adding Subsections (d) and (e), as follows:

(d) Provides that Section 334.0082 (Venue Projects in Certain Municipalities), notwithstanding Subsection (a) (relating to providing that this section only applies to certain municipalities) and subject to this subsection, also applies to a municipality that has a population of at least 70,000 but not more than 180,000 and that is located in a county that borders the United Mexican States and the Gulf of Mexico. Authorizes a municipality described by this subsection to impose a tax as authorized under Subsection (b)(2) (relating to authorizing a municipality to hold an election on the question of approving and implementing a resolution to impose a certain tax at a rate not to exceed two percent of the cost of a room) only to finance a convention center constructed before January 1, 2023. Provides that the authority of the municipality to impose the tax as authorized under Subsection (b)(2) expires on the earlier of:

(1) the date the debt issued for the convention center described by this subsection is repaid; or

(2) January 1, 2054.

(e) Provides that Subsection (d) and this subsection expire January 1, 2054.

SECTION 2. Effective date: September 1, 2023.