

## **BILL ANALYSIS**

C.S.H.B. 3883  
By: Schaefer  
Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Currently, certain municipalities may pledge the revenue derived from the municipal hotel occupancy tax on certain hotel projects for the payment of obligations related to the hotels. According to interested parties, other municipalities, such as the City of Tyler, should be so authorized. C.S.H.B. 3883 seeks to provide for such authorization.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 3883 amends the Tax Code to include a municipality with a population of 96,000 or more that is located in a county that borders Lake Palestine among the municipalities authorized to pledge revenue derived from the municipal hotel occupancy tax from certain hotel projects for the payment of obligations issued or incurred to acquire, lease, construct, and equip the hotels and any facilities ancillary to the hotels. The bill includes within such facilities open public spaces used for connectivity, plazas, and street and water and sewer infrastructure. The bill makes the authorization for a municipality with a population of 173,000 or more that is located within two counties to pledge that revenue for those purposes applicable to a municipality with that same population located within two or more counties.

C.S.H.B. 3883 prohibits a municipality with a population of 96,000 or more that is located in a county that borders Lake Palestine from pledging the municipal hotel occupancy tax revenue or certain enterprise zone funds for the payment of bonds or other obligations relating to certain hotel projects and facilities except for a hotel and facilities ancillary to the hotel that are owned by the municipality and located on property that the municipality owns or acquires with the proceeds from the bonds or obligations for which the revenue or funds are pledged.

### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2015.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 3883 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial

differences between the introduced and committee substitute versions of the bill.

#### INTRODUCED

SECTION 1. Section 351.102(b), Tax Code, is amended to read as follows:

(b) An eligible central municipality, [Ø] a municipality with a population of 173,000 or more that is located within two or more counties, or a municipality with a population of 96,000 or more that is located in a county that borders Lake Palestine may pledge the revenue derived from the tax imposed under this chapter from a hotel project that is owned by or located on land owned by or that will be owned by the municipality or, in an eligible central municipality, by a nonprofit corporation acting on behalf of an eligible central municipality, and that is located within 1,000 feet of a convention center facility owned by the municipality for the payment of bonds or other obligations issued or incurred to acquire, lease, construct, and equip the hotel and any facilities ancillary to the hotel, including convention center entertainment-related facilities, meeting spaces, public spaces, including open public spaces used for connectivity, plazas, restaurants, shops, street and water and sewer infrastructure, and parking facilities within 1,000 feet of the hotel or convention center facility. For bonds or other obligations issued under this subsection, an eligible central municipality or a municipality described by this subsection [~~with a population of 173,000 or more that is located within two counties~~] may only pledge revenue or other assets of the hotel project benefiting from those bonds or other obligations.

No equivalent provision.

#### HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Section 351.102, Tax Code, is amended by amending Subsection (b) and adding Subsection (b-2) to read as follows:

(b) An eligible central municipality, [Ø] a municipality with a population of 173,000 or more that is located within two or more counties, or a municipality with a population of 96,000 or more that is located in a county that borders Lake Palestine may pledge the revenue derived from the tax imposed under this chapter from a hotel project that is owned by or located on land owned by the municipality or, in an eligible central municipality, by a nonprofit corporation acting on behalf of an eligible central municipality, and that is located within 1,000 feet of a convention center facility owned by the municipality for the payment of bonds or other obligations issued or incurred to acquire, lease, construct, and equip the hotel and any facilities ancillary to the hotel, including convention center entertainment-related facilities, open public spaces used for connectivity, plazas, restaurants, shops, street and water and sewer infrastructure, and parking facilities within 1,000 feet of the hotel or convention center facility. For bonds or other obligations issued under this subsection, an eligible central municipality or a municipality described by this subsection [~~with a population of 173,000 or more that is located within two counties~~] may only pledge revenue or other assets of the hotel project benefiting from those bonds or other obligations.

(b-2) A municipality with a population of 96,000 or more that is located in a county that borders Lake Palestine may not pledge revenue under Subsection (b) or funds under Subsection (c) for the payment of bonds or other obligations issued under this section except for a hotel and facilities ancillary to the hotel that are owned by the municipality and located on property that the municipality owns or acquires with the proceeds from the bonds or obligations for which the revenue or funds are pledged.

SECTION 2. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2015.

SECTION 2. Same as introduced version.