

BILL ANALYSIS

H.B. 1557
By: Springer
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

It has been noted that not all municipalities are currently eligible to pledge certain tax revenue for the payment of obligations related to certain qualified hotel projects. Those concerned suggest that this creates inequities in the state's travel and tourism markets. H.B. 1557 seeks to remedy this situation by extending eligibility for such pledges to all municipalities.

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

H.B. 1557 amends the Tax Code to extend to all municipalities the authority to pledge the revenue derived from the municipal hotel occupancy tax from certain hotel projects 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 and to specify that, for purposes of that authorization, a "hotel project" includes an existing hotel owned by the municipality or another person and a convention center facility to be acquired, constructed, equipped, or leased, that will be located within 1,000 feet of the hotel, and that will be owned by or located on land owned by the municipality.

H.B. 1557 includes among the hotel projects for which a municipality may pledge the derived hotel occupancy tax revenue for those purposes a hotel project that is owned by or located on land owned by the federal government and removes the limitation on the type of municipalities on whose behalf a nonprofit corporation that owns land on which a hotel project is located must be acting in order for the revenue derived from that project to be subject to the authorization. The bill repeals the prohibition against an applicable municipality receiving or pledging revenue derived from the hotel occupancy tax for a hotel project or the funds from the project unless the municipality enters into an agreement with a person for the development of the project before September 1, 2019.

H.B. 1557, with respect to the applicable reimbursement of state revenue used for a qualified hotel project and as applicable to a municipality other than a municipality eligible to pledge revenue for a hotel project on January 1, 2019:

- requires an applicable municipality, beginning on the date prescribed by the comptroller of public accounts, to annually send to the comptroller a report that states certain specific information relating to the municipality's tax revenues;

- requires the comptroller to prescribe the form of the report and the date by which the report must be sent to the comptroller each year and authorizes the comptroller to prescribe the date on which a municipality may cease sending the report;
- requires the comptroller, as soon as possible after receiving the report, to withhold from the applicable municipality's share of mixed beverage taxes and sales and use taxes, for the next 12-month period, a total amount equal to the lesser of the following:
 - the total amount of state tax revenue rebated, refunded, or paid in relation to municipal hotel occupancy tax revenue pledged for bonds for a qualified hotel project as of the end of the reporting period for the report, less amounts previously withheld; or
 - the incremental increase in hotel occupancy tax revenue collected by the municipality during the reporting period;
- authorizes an applicable municipality to propose the manner in which the comptroller will withhold such an amount, including the percentage to be deducted from each tax and the frequency of the deductions, and requires the comptroller to comply with the municipality's proposal if possible; and
- prohibits the total amount the comptroller is authorized to withhold from exceeding the total amount of state tax revenue rebated, refunded, or paid in relation to the qualified hotel project during the state financing period and prohibits the period during which the comptroller is required to withhold amounts from exceeding a period equal to the state financing period regardless of whether the amount withheld is less than the total amount of state tax revenue rebated, refunded, or paid in relation to the qualified hotel project.

H.B. 1557 repeals Sections 351.102(c-1), (e), and (g), Tax Code.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2019.