

BILL ANALYSIS

C.S.H.B. 2665

By: Flynn

International Relations & Economic Development
Committee Report (Substituted)

BACKGROUND AND PURPOSE

It has been suggested that programs established to provide incentives to induce private investment have a track record of producing economic development benefits for both the state and the local municipalities. C.S.H.B. 2665 seeks to use these strategies to induce the development of certain hotel projects in certain 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

C.S.H.B. 2665 amends the Tax Code to apply to specified municipalities provisions that authorize certain municipalities to pledge the revenue derived from a municipal hotel occupancy tax from an applicable hotel project 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. The bill repeals a provision that prohibits a municipality to which municipal hotel occupancy tax provisions relating to the pledge for bonds apply from receiving or pledging revenue or funds under certain of those provisions for a hotel project unless the municipality enters into an agreement with a person for the development of the hotel project before September 1, 2019.

C.S.H.B. 2665 entitles a municipality with a population of less than 2,000 that is located adjacent to a bay connected to the Gulf of Mexico, is located in a county with a population of 290,000 or more that is adjacent to a county with a population of four million or more, and has a boardwalk on the bay, or a local government corporation acting on behalf of such a municipality, to receive all funds from a multipurpose convention center facility project, as defined by the bill, that the owner of a project could receive under certain enterprise project and enterprise zone provisions if a project for purposes of those provisions included a multipurpose convention center facility project. The bill authorizes the municipality to pledge the funds to which the municipality is entitled for the payment of bonds or other obligations issued or incurred to acquire, lease, construct, or equip the multipurpose convention center facility project. The bill requires the comptroller of public accounts to deposit the funds to which the municipality is entitled in a separate suspense account of the municipality outside the state treasury. The bill authorizes the comptroller to make a rebate, refund, or payment authorized under these provisions of the bill without the necessity of an appropriation and requires the comptroller to rebate, refund, or pay to the municipality the funds to which the municipality is entitled at least quarterly.

C.S.H.B. 2665 entitles a municipality with a population of 350,000 or more but less than 450,000 in which two professional sports stadiums are located, each of which has a seating capacity of at least 40,000 people and was approved by the voters of the municipality as an applicable sports and community venue project, to receive all funds from an applicable hotel project that an owner of a project may receive under certain enterprise project and enterprise zone provisions and all mixed beverage tax revenue by or from all permittees at the hotel project, excluding certain revenue disbursed by the comptroller relating to the mixed beverage tax clearance fund. The bill authorizes the municipality to pledge the funds to which the municipality is entitled for the payment of bonds or other obligations issued or incurred to acquire, lease, construct, improve, enlarge, and equip the hotel project and entitles the municipality to receive the funds for a period of 30 years beginning on the date the hotel project is open for initial occupancy. The bill requires the comptroller to deposit the funds to which the municipality is entitled in a separate suspense account of the municipality outside the state treasury. The bill authorizes the comptroller to make a rebate, refund, or payment authorized under these provisions of the bill without the necessity of an appropriation. The bill requires the comptroller to rebate, refund, or pay to the municipality the funds to which the municipality is entitled at least monthly.

C.S.H.B. 2665 repeals Section 351.102(g), Tax Code.

EFFECTIVE DATE

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

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2665 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes provisions relating to the authority of certain municipalities to receive certain tax revenue or pledge that revenue for the payment of obligations related to projects involving hotels and does not include provisions relating to the authority of certain municipalities to undertake a qualified hotel project under the Texas Enterprise Zone Act.