

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 2137
By: Hinojosa
Natural Resources & Economic Development
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The City of Edinburg, Texas, is experiencing rapid growth and quickly becoming a tourist destination. Edinburg has an arena for a professional basketball team and recently finished the construction of a 9,000-seat professional soccer arena.

Surrounding the stadium are sports fields and facilities that include the professional soccer team's practice field. The area around the professional soccer stadium has recently seen several new hotels built, largely attributable to the soccer stadium attracting tourists and overnight guests.

In 2017, the legislature passed S.B. 1136 to allow the City of Edinburg to use the municipal hotel occupancy tax (HOT) revenue to pay for the construction, maintenance, and expansion of sporting-related facilities surrounding the soccer stadium.

However, the City of Edinburg is unable to tap into the HOT revenue since the construction for the two sporting-related facilities is completed, the city has another source of revenue for the maintenance, and has no plans to expand the facilities. The purpose of S.B. 2137 is to allow the City of Edinburg to utilize HOT revenue.

S.B. 2137 will allow the City of Edinburg to use the municipal HOT revenue to pay for "related infrastructure" surrounding the facility. Section 334.001(3) of the Local Government Code defines "related infrastructure." (Original Author's/Sponsor's Statement of Intent)

C.S.S.B. 2137 amends current law relating to the use of municipal hotel occupancy tax revenue by 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 Sections 351.1068(b) and (c), Tax Code, as follows:

(b) Authorizes a municipality to which this section (Allocation of Revenue For Sports Facilities by Certain Municipalities) applies to use revenue derived from the municipal hotel occupancy tax to construct, maintain, or expand a sporting-related facility, a sporting-related field, or related infrastructure as defined by Section 334.001 (Definitions), Local Government Code, that is located within 2,500 feet of the facility or field and is directly related to the facility or field, provided that:

(1) the facility, field, or infrastructure is located on property owned by the municipality; and

(2) the municipality's sports facilities and fields have been used in the preceding calendar year a combined total of more than 10 times for district, state, regional, or national sports tournaments, games, or events. Creates this subdivision and Subdivision (1) from existing text and makes nonsubstantive changes.

(c) Makes nonsubstantive changes. Provides that a municipality to which this section applies that uses revenue derived from the municipal hotel occupancy tax for a purpose described by Subsection (b):

(1) is required to determine the amount of municipal hotel occupancy tax revenue generated for the municipality by hotel activity attributable to the newly constructed, enhanced, or upgraded facilities fields or related infrastructure for 10 years after the date the original construction enhancements or upgrades of the first of the facilities or fields are completed, rather than to the sports tournaments, games, and events held on the newly constructed, enhanced, or upgraded facilities or fields for 10 years after the date the construction, enhancements, or upgrades are completed; and

(2) is prohibited from spending municipal hotel occupancy tax revenue for the construction, enhancement, or upgrading of the facilities, fields, or related infrastructure, in a total amount that exceeds the amount of area hotel revenue attributable to the construction, enhancements, or upgrades as determined under Subdivision (1), rather than the facilities or fields in a total amount that exceeds the amount of area hotel revenue attributable to the construction, enhancements or upgrades.

SECTION 2. Effective date: September 1, 2019.