

## **BILL ANALYSIS**

Senate Research Center  
87R23304 SRA-D

C.S.S.B. 2089  
By: Lucio  
Natural Resources & Economic Development  
5/4/2021  
Committee Report (Substituted)

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

Officials in Cameron County have secured \$300 million in private capital to be used for construction in the downtown area of Brownsville, Texas, in order to revitalize an entertainment tourism district.

C.S.S.B. 2089 authorizes the City of Brownsville to create a project financing zone to use incremental hotel occupancy and mixed beverages taxes at hotels in the zone. Incremental taxes above the base year will be used for the creation of a tower—to be utilized by hotel guests and tourists—to observe spacecraft and spaceport activities and a joint museum/amphitheater project inside a newly created Kris Kristofferson cultural district within the project financing zone.

C.S.S.B. 2089 will enable Brownsville as well as Cameron County to show their continued support for Texas' blossoming space launch industry, which has impacts across the state.

C.S.S.B. 2089 amends current law relating to the use of certain tax revenue to acquire, construct, enhance, upgrade, operate, and maintain convention center facilities, multipurpose arenas, venues, and spaceport and spacecraft observation facilities in 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 Subchapter B, Chapter 351, Tax Code, by adding Section 351.1016, as follows:

Sec. 351.1016. CERTAIN QUALIFIED PROJECTS IN BORDER MUNICIPALITIES.

(a) Defines "base year amount," "hotel-associated revenue," "incremental hotel-associated revenue," "project financing zone," "qualified project," "spacecraft," "spaceport," and "venue."

(b) Provides that this section applies only to a qualified project located in a municipality that is the county seat of a county bordering the Gulf of Mexico and the United Mexican States.

(c) Authorizes revenue from the municipal hotel occupancy tax, in addition to the uses provided by Section 351.101 (Use of Tax Revenue), to be used to fund a qualified project.

(d) Authorizes a municipality to pledge the revenue derived from the tax imposed under Chapter 351 (Municipal Hotel Occupancy Taxes) from a hotel located in the project financing zone for the payment of bonds or other obligations issued or incurred to acquire, lease, construct, improve, enlarge, equip, operate, maintain, and repair the qualified project or to acquire real property on which the qualified project is located.

(e) Authorizes a municipality to pledge for the payment of bonds or other obligations described by Subsection (d) the local revenue from eligible taxable proceeds as defined by Section 2303.5055(e) (relating to the definition of "eligible taxable proceeds"), Government Code, from hotels located in a project financing zone that would be available to the owners of qualified hotel projects under Section 2303.5055 (Refund, Rebate, or Payment of Tax Proceeds to Qualified Hotel Project) if the hotels were qualified hotel projects.

(f) Requires a municipality to notify the Comptroller of Public Accounts of the State of Texas (comptroller) of the municipality's designation of a project financing zone not later than the 30th day after the date the municipality designates the zone. Entitles the municipality, notwithstanding other law, to receive the incremental hotel-associated revenue from the project financing zone for the period beginning on the first day of the year after the year in which the municipality designates the zone and ending on the last day of the month during which the designation expires. Authorizes the municipality to pledge the revenue for the payment of bonds or other obligations described by Subsection (d).

(g) Requires the comptroller to deposit incremental hotel-associated revenue collected by or forwarded to the comptroller in a separate suspense account to be held in trust for the municipality that is entitled to receive the revenue. Provides that the suspense account is outside the state treasury, and the comptroller is authorized to make a payment authorized by this section from the account without the necessity of an appropriation. Requires the comptroller to begin making payments from the suspense account to the municipality for which the money is held on the date the qualified project in the project financing zone is commenced. Requires the comptroller, if the qualified project is not commenced by the fifth anniversary of the first deposit to the account, to transfer the money in the account to the general revenue fund and cease making deposits to the account.

(h) Authorizes the comptroller to estimate the amount of the incremental hotel-associated revenue that will be deposited to a suspense account under Subsection (g) during each calendar year. Authorizes the comptroller to make deposits to the account and authorizes the municipality to request disbursements from the account on a monthly basis based on the estimate. Requires the comptroller, at the end of each calendar year, to adjust the deposits and disbursements to reflect the amount of revenue actually deposited to the account during the calendar year.

(i) Requires a municipality to notify the comptroller if the qualified project in the project financing zone is abandoned. Requires the comptroller, if the qualified project is abandoned, to transfer to the general revenue fund the amount of money in the suspense account that exceeds the amount required for the payment of bonds or other obligations described by Subsection (d).

SECTION 2. Effective date: September 1, 2021.