

BILL ANALYSIS

Senate Research Center
82R23883 TJB-F

H.B. 3597
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Natural Resources
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, public improvement districts in certain counties do not have authority to annex or exclude land and are required to obtain certain consents prior to the imposition of a hotel occupancy tax. H.B. 3597 authorizes certain public improvement districts to annex and exclude land and removes a requirement to obtain certain consent prior to the imposition of a hotel occupancy tax under certain circumstances.

H.B. 3597 amends current law relating to the powers and duties of certain public improvement districts operated by counties.

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 Section 382.002, Local Government Code, as follows:

Sec. 382.002. **APPLICABILITY.** Provides that this chapter applies only to:

- (1) a county with a population of 1.5 million, rather than 825,000, or more, other than a county that borders on the Gulf of Mexico or a bay or inlet of the gulf, or has two municipalities located wholly or partly in its boundaries each having a population of 225,000, rather than 300,000, or more; or
- (2) a county with a population of 70,000 or more that is adjacent to a county described by Subdivision (1) in which a municipality with a population of 35,000 or more is primarily situated and includes all or a part of the extraterritorial jurisdiction of a municipality with a population of 1.1 million or more.

SECTION 2. Amends Subchapter C, Chapter 382, Local Government Code, by adding Section 382.113, as follows:

Sec. 382.113. **ANNEXATION OR EXCLUSION OF LAND.** (a) Provides that this section applies only to a public improvement district (district) created in a county described by Section 382.002(1).

- (b) Authorizes a district to annex or exclude land from the district as provided by Subchapter J (Annexation or Exclusion of Land), Chapter 49 (Provisions Applicable to All Districts), Water Code.
- (c) Requires a district, before the district may adopt an order adding or excluding land, to obtain the consent of the county that created the district by a resolution of the county commissioners court, and a municipality in whose extraterritorial jurisdiction the district is located by a resolution adopted by the municipality's governing body.

SECTION 3. Amends Sections 382.155(b) and (d), Local Government Code, as follows:

(b) Requires a district, if authorized by a county, to impose a hotel occupancy tax in the same manner as provided by Section 352.107 (Hotel Tax Authorized for County Development Districts), Tax Code, rather than impose a hotel occupancy tax as provided by Chapter 383 (County Development Districts), Local Government Code, and Section 352.107, Tax Code, except that a hotel occupancy tax may be used for any purpose authorized in this chapter, and is authorized by the county to be imposed by the district.

(d) Authorizes a hotel occupancy tax imposed by a district in a county described by Section 382.002(1) to be used for a purpose described by Chapter 352 (County Hotel Occupancy Taxes), Tax Code; or to encourage the development or operation of a hotel in the district, including an economic development program for or a grant, loan, service, or improvement to a hotel in the district, rather than prohibits a hotel occupancy tax from being imposed on the occupants of a hotel unless the owner of the hotel agrees to the imposition of the hotel occupancy taxes under this chapter. Deletes existing text prohibiting the agreement, after the owner agrees, from being revoked by the owner of the hotel or any subsequent owner of the hotel, and authorizing the district, after an agreement under this section, to impose hotel occupancy taxes as provided by this chapter.

SECTION 4. Amends Subchapter D, Chapter 382, Local Government Code, by adding Section 382.1555, as follows:

Sec. 382.1555. USE OF HOTEL OCCUPANCY TAX FOR ANY PURPOSE. (a) Authorizes a district, if authorized by a county, to impose a hotel occupancy tax under Section 382.155 (Hotel Occupancy Tax) and use the revenue from the tax for any purpose authorized by this chapter if the owner of the hotel agrees to the imposition of the tax.

(b) Prohibits the agreement, after the owner agrees, from being revoked by the owner of the hotel or any subsequent owner of the hotel.

(c) Provides that to the extent of a conflict with Section 382.155(d) (relating to prohibiting a hotel occupancy tax from being imposed on the occupants of a hotel unless the owner of the hotel agrees to the imposition of the hotel occupancy taxes under this chapter), this section controls.

SECTION 5. (a) Provides that the legislature validates and confirms all governmental acts and proceedings before the effective date of this Act of a district created under Chapter 382, Local Government Code, transferred from Subchapter C, Chapter 372, Local Government Code, by Chapter 87 (S.B. 1969), Acts of the 81st Legislature, Regular Session, 2009, before the effective date of this Act, including acts of the district's board of directors.

(b) Provides that Subsection (a) of this section does not apply to a matter that on the effective date of this Act is involved in litigation, if the litigation ultimately results in the matter being held invalid by a final court judgment, or has been held invalid by a final court judgment.

SECTION 6. Effective date: upon passage or September 1, 2011.