

BILL ANALYSIS

Senate Research Center
82R5423 MXM-F

S.B. 977
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Economic Development
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, the Tax Code provisions relating to municipal hotel occupancy allow for "eligible central municipalities" to receive certain rebates for sales and use tax and hotel occupancy taxes imposed by the State of Texas, if the hotel convention center projects meet certain criteria (namely that the hotel be located within 1,000 feet of a municipal convention center). The purpose of this proposed legislation is to add the City of Corpus Christi to the list of cities eligible to participate in this state economic development program.

The proposed legislation would not increase hotel occupancy or sales taxes nor grant the authority to increase any such tax rates. It simply allows the State of Texas to rebate Corpus Christi's portion of such taxes generated from the convention center hotel (it does not capture other hotels in the area) for a period of up to 10 years. The refunded state taxes must be used to pay back the bonds used to construct the hotel.

Previous bills that added other cities to this program, such as S.B. 1247, 81st Legislature, Regular Session, 2009, did not have fiscal impact to the State of Texas. In fact, the program has a positive track record of producing positive economic development benefits for the State of Texas and the communities that have utilized the program. Specifically, the cities of Houston, Fort Worth, Dallas, San Antonio, and Austin, to name a few examples, have all been allowed by the legislature to utilize this program for similar convention center hotel projects and have produced very positive results.

As proposed, S.B. 977 amends current law relating to the imposition and use of the municipal hotel occupancy tax by certain eligible central 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 Section 351.001(7), Tax Code, as follows:

(7) Redefines "eligible central municipality" to mean:

(A) a municipality with a population of more than 140,000 but less than 1.5 million that is located in a county with a population of one million or more and that has adopted a capital improvement plan for the expansion of an existing convention center facility; or

(B) a municipality with a population of 250,000 or more that is located wholly or partly on a barrier island that borders the Gulf of Mexico, is located in a county with a population of 300,000 or more, and has adopted a capital improvement plan to expand an existing convention center facility.

SECTION 2. Effective date: upon passage or September 1, 2011.