

THE SENATE OF THE STATE OF TEXAS

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MIKE JACKSON

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October 18, 2010

FILE # ML-46605-10
I.D. # 46605

The Honorable Greg Abbott
Attorney General of the State of Texas
Attn: Nancy Fuller
Opinions Committee
P. O. Box 12548
Austin, Texas 78711

RQ-0924-GA

Dear Attorney General Abbott:

I would like to take this opportunity to request an Attorney General's opinion regarding how the City of Galveston may use surplus funds received from the City's convention center operating agreement.

The City of Galveston received surplus hotel occupancy tax funds pursuant to a development agreement with a third party who manages and operates the convention center. The hotel occupancy tax funds are pledged to bonds and then expended through a complicated flow of funds outlined in the development agreement, trust indentures and other bond documents. After payment of debt service, the hotel occupancy tax funds are eventually placed in reserve funds with the excess deposited in a surplus fund. In return, the City receives a 50% share and the operator of the facility receives a 50% share of the surplus funds.

The City would like to know if their portion of these surplus funds receives the same restrictions under state law placed on the hotel occupancy taxes or can these funds be used for spending on general city purposes?

Your attention to this matter is greatly appreciated. Please do not hesitate to contact Holly Deshields in my Capitol Office if you have any questions regarding this request.

Sincerely,



Mike Jackson
State Senator
District 11

cc: Mr. Michael Hughes, Attorney at Law, McLeod, Alexander, Powel & Apffel, P.C.
The Honorable Craig Eiland, House District 23

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