



CITY OF EL PASO

Project Financing Zones

Financial Oversight and Audit Committee

January 15, 2026

Strategic Plan Alignment

- To identify and leverage new revenue opportunities:
 - To improve public infrastructure and enhance our local economy
 - That leverage State funding to minimize impact on local taxpayers

Examples of Financing Tools in Texas

- Tax Increment Reinvestment Zones (TIRZ): Redirects property tax increments to fund improvements.
- Transportation Reinvestment Zones (TRZ): Captures tax increments for transportation projects.
- Public Improvement Districts (PID): property owners fund enhanced local services and infrastructure, like parks, roads, and landscaping, through special assessments
- Project Financing Zones (PFZ): Designated area around convention centers or venues; captures hotel-associated revenues for 30 years.

Introduction to Project Finance Zones

- Definition: Areas designated for economic development to support public infrastructure projects.
- Purpose: Enhance local economies by financing projects like convention centers

Texas Tax Code 351.1015

Key Provisions

- Allows municipalities to designate Project Finance Zones for public improvement projects (“Qualified Project”)
- Qualified projects can include a convention center facility or venue and any related infrastructure
- Zone boundaries must be within a three-mile radius of the center of a qualified project
- Zone designation expires not later than the 30th anniversary of the date of designation

Benefits of Project Financing Zones

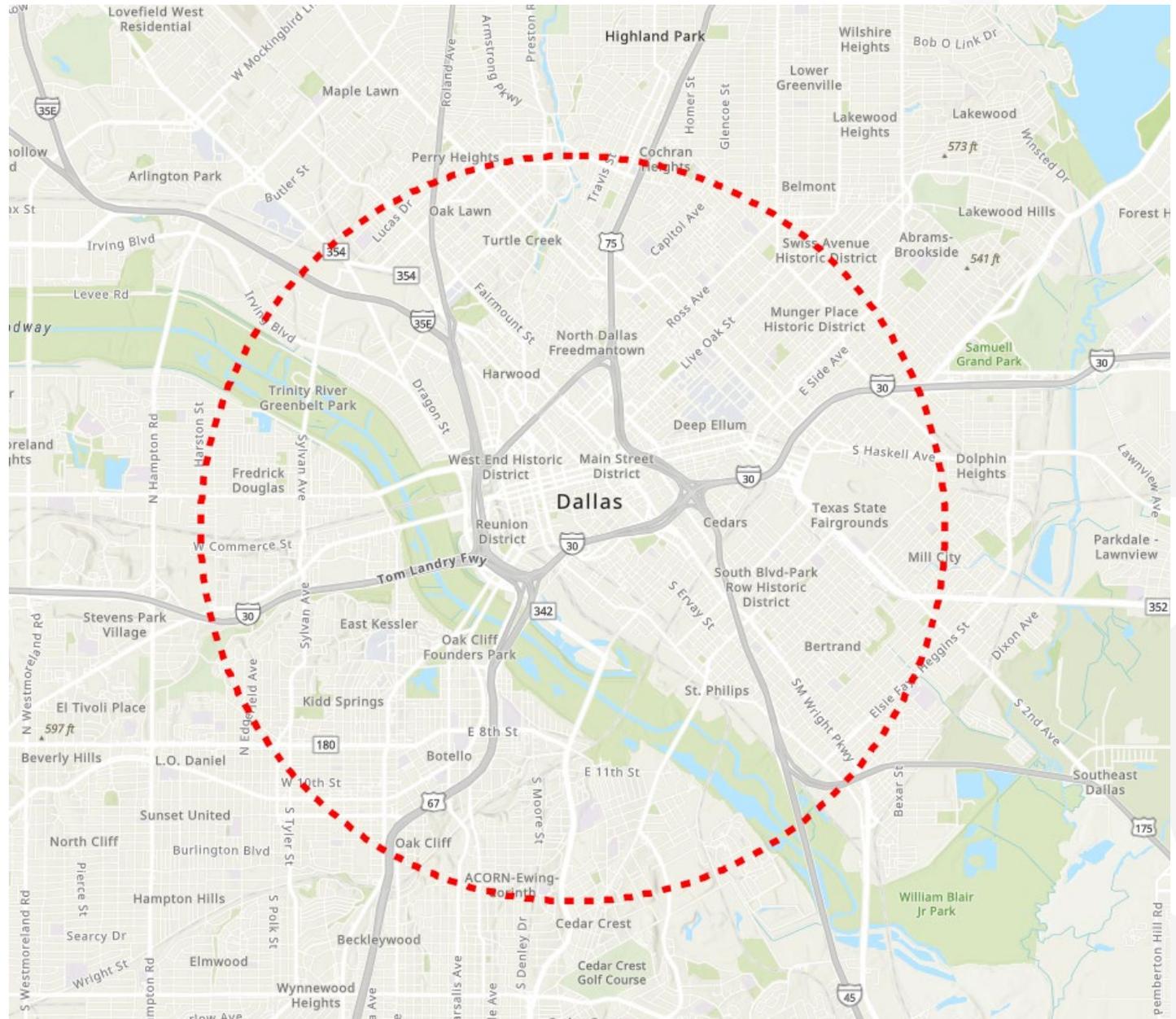
- Qualified Projects are eligible to receive the State's portion of the incremental hotel-associated revenue (sales, mixed beverage, and hotel occupancy tax) collected in a project financing zone from all hotels located in the zone
 - Incremental - amount in any calendar year by which hotel-associated revenue exceeds the base year amount

Cities with Project Financing Zone Authorization

- Fort Worth, Texas (statutory eligibility based on population)
- Dallas, Texas (statutory eligibility based on population)
- Houston, Texas (statutory eligibility based on population and expanded projects in 2023 amendment)
- Austin, Texas (added in 2023 amendment)
- San Antonio, Texas (statutory eligibility based on population)
- Corpus Christi, Texas (added in 2023 amendment)

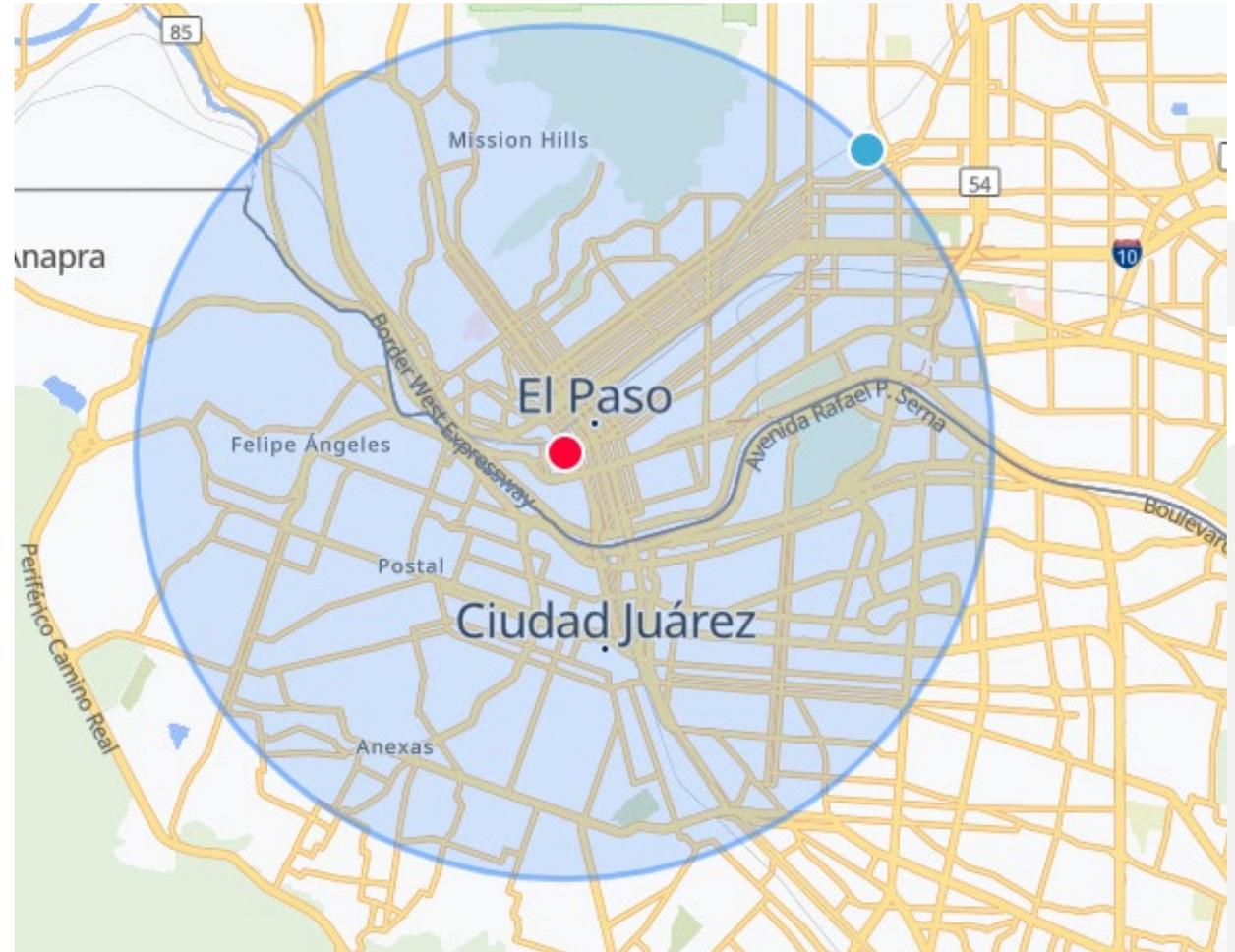
Example:

City of Dallas Project Finance Zone



Current Challenges

- City of El Paso is not eligible based on current statute (bracketed legislation)
- If the City were eligible, a majority of the three-mile radius would be in Mexico



Next Steps

- Staff is working on a draft of the City's legislative agenda for the 90th legislative session
- Upon Council approval of this item in the agenda, staff would begin working on amendment language to:
 - Add El Paso to the definition of eligible municipalities
 - Propose a modification to the PFZ statute that would adjust the PFZ boundaries to maintain the three-mile radius equivalent (28.27 square miles)