

BILL ANALYSIS

C.S.H.B. 1734

By: Krusee

Local Government Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The City of Round Rock is host to many baseball, softball, soccer, and flag football district, state, regional, and national tournaments and championships. Parents, as well as supporters and sponsors, stay in our area hotels and motels for these events. Round Rock has been referred to as the “Amateur Sports Capitol of Texas.”

Use of the municipality’s hotel/motel taxes is currently restricted. The City may use hotel/motel taxes for the construction of convention center facilities but there are two Attorney General Opinions that have concluded these taxes could not be used to support basic governmental infrastructure such as City recreational facilities (golf course, tennis courts) reasoning that these kinds of improvements would not serve the purpose of attracting visitors and tourists. Tex. Atty. Gen. Op. Nos. JM-965 (1988), JM-184 (1984); Tex. Tax Code §351.101(a)(1). Therefore, cities cannot use these funds for upgrading or enhancing current city parks or sports facilities already in place.

Round Rock would like to expand the use of the hotel/motel tax dollars for its already existing sports complex upgrades. The legislation would require that the city show that the hotel/motel activity generated by the City’s sports facilities’ expansion is equal or greater than the hotel/motel tax funds expended by the City for the upgrade. This legislation is limited to cities with a population of 80,000 or more, located in a county of 350,000 or less that have hosted district, state, regional, and national events in the previous year.

RULEMAKING AUTHORITY

It is the committee's opinion that this resolution does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

Section 1 adds a new Subsection (7) to Section 351.101(a) of the Tax Code. This language allows the promotion of tourism and the enhancement and upgrading of existing sports facilities or fields provided that the municipality owns the fields, has a population of 80,000 and is located in a county of 350,000 or less, and the sports facilities in question have been used to host district, state, regional, or national sports tournaments more than 10 times in the preceding calendar year.

Section 2 adds a new Section 351.1076 to the Tax Code. This language requires that the municipality monitor the hotel tax revenue generated for the municipality by these events for five years following the completion date of these enhancements. Subsection (2) specifies that municipalities may not spend hotel occupancy tax revenue in a greater amount than these events provide.

EFFECTIVE DATE

September 1, 2005, or immediately if approved by 2/3 vote of each house.

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B. 1734 adds a new Subsection (b) to Section 351.1076 of the Tax Code, which specifies that, in the event a city's facility enhancements do not equal the amount of hotel/motel tax

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revenue collected as a result of the enhancements, a city shall reimburse the municipality's hotel occupancy tax revenue fund from the municipality's general fund.