

BILL ANALYSIS

C.S.H.B. 3170
By: Swinford
Local Government Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Hotel occupancy taxes are used to fund a variety of purposes, including the promotion of tourism. CSHB 3170 authorizes the commissioners court of certain counties to impose a tax of not more than 1 percent of the price paid for a hotel room in the county.

RULEMAKING AUTHORITY

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

ANALYSIS

This bill amends Sec. 352.002, Tax Code, by adding Subsection (a-1) which authorizes the commissioners court of a county in which an airport essential to the economy of the county is located to impose a tax on a person who pays for the use or possession or for the right of a room in a hotel that costs \$2 or more each day and is used for sleeping. For the purpose of this subsection, an airport is considered to be essential to the economy of a county only if the airport is a commercial service international airport within Class C airspace and is located in a county and owned by a municipality each having a population of less than 125,000.

The bill also amends Sec. 352.003, Tax Code, by adding Subsection (h) to provide that the tax rate under Section 352.002 (a-1) may not exceed one percent of the price paid for a hotel room.

The bill also amends Sec 352.109, Tax Code, by adding Subsection (b-1) to require a county to which Section 352.002 (a-1) applies to produce an annual report describing the activities held at facilities that received funding from the tax during the period covered by the report.

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2007.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute differs from the original bill by applying to certain counties in which an airport is essential to the economy of the county is located rather than to a county the entire border of which is located within 250 miles of New Mexico, that has a population of more than 100,000 that includes one municipality with a population of more than 90,000 but less than 120,000 and that includes within its borders an international airport. The substitute also specifies the criteria for determining when an airport is considered essential to the economy.

The substitute differs from the original by adding the provision to require a county to which Section 352.002 (a-1), Tax Code, applies to produce an annual report describing the activities held at facilities that received funding from the tax during the period covered by the report.