

BILL ANALYSIS

H.B. 656
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Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Currently, every expenditure of the city hotel occupancy tax must meet a two part test. First, the expenditure must directly promote tourism and the hotel and convention industry. Second, every expenditure must fit into one of eight categories. These categories include: convention centers and visitors centers; registration of convention delegates; advertising and promotions to bring visitors to the city and its vicinity; promotions of the arts that directly promote tourism and the hotel and convention industry; historical restoration and preservation to encourage tourists to visit historic sites; sporting related expenses for events that have a substantial economic impact on hotels and at which of the participants are tourists; for bracketed cities, certain sporting related facility improvements with expenditure limits; and certain shuttle systems that transport hotel guests to area attractions. There is no category under state law for expenditures of the hotel occupancy tax for ecological tourism events that have a substantial impact on hotel activity.

H.B. 656 adds another category that will provide cities with the authority to expend the local hotel occupancy tax for promotional and event expenses for ecological tourism events. The bill specifies that to qualify for hotel occupancy tax funding, a majority of the participants at the event must be tourists declaring residency in another city, state, or country, and the event must substantially increase economic activity at area hotels. This standard for expenditure is virtually identical to the current statutory requirement for use of city hotel occupancy tax for sporting related expenses.

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

H.B. 656 amends the Tax Code to add to the authorized uses of revenue from the municipal hotel occupancy tax promotional and event expenses of an ecological tourism event, including an event for which the primary attraction is traveling to an area of natural or ecological interest for the purpose of observing and learning about wildlife and the area's natural environment, if a majority of the event's participants are tourists and the event substantially increases economic activity at hotels and motels within or in the vicinity of the municipality. The bill limits the amount of the hotel occupancy tax revenue collected by a municipality authorized to be used for an ecological tourism event to not more than 15 percent of the revenue collected, or the amount of tax received by the municipality at the rate of one percent of the cost of a room, whichever is greater.

EFFECTIVE DATE

On passage, or, if the act does not receive the necessary vote, the act takes effect September 1, 2009.