

BILL ANALYSIS

H.B. 1896
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Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Hurricane Ike severely damaged the harbor of the only two private marinas in Harris County while most commercial marinas suffered relatively little damage. Boat slip rental fees at commercial marinas are not subject to sales and use taxes; however, since non-profit private clubs are considered amusement services, boat slip rentals are subject to taxation. This could create a disadvantage for non-profit private clubs in attracting the necessary revenue required to rebuild their damaged facilities. Revival of these non-profit private clubs is important to the small cities in Southeast Harris County, as they create demand for real estate in the heavily damaged areas of Shoreacres and Seabrook. Their revival also helps sustain charitable activities, such as Special Olympics Sailing, Sea Scouts, the Leukemia Society, and school sailing teams. This bill assists in rebuilding the private marinas and reviving the communities in Southeast Harris County.

H.B. 1896 exempts a private club's boat slip rental fees from sales and use taxes, provided the marina at which the boat slips are rented sustained at least \$1 million in damage from Hurricane Ike.

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. 1896 amends the Tax Code to exempt boat slip rental fees from sales and use taxes if the fees are charged by a private club located in a county with a population of more than three million and the marina at which the boat slips are rented sustained at least \$1 million in damage from Hurricane Ike.

EFFECTIVE DATE

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