

BILL ANALYSIS

C.S.H.B. 4781
By: Gallego
Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

In 1997, H.B. 3043, enacted by the 75th Legislature, Regular Session, capped at three percent the local hotel tax that could be imposed by Brewster County, through a geographic bracketing. The same legislation included an exemption from this provision for municipalities that impose a city hotel tax. In Brewster County, this only applies to the City of Alpine. In 2007, a drafting error in a revision to Section 352.003(d), Tax Code, resulted in the county's tax rate cap being raised to seven percent, but not exempting Alpine. The City of Alpine currently has a municipal hotel tax rate of seven percent. C.S.H.B. 4781 is intended to correct the drafting error in that statute. In 2008, Brewster County collected \$205,750 in hotel tax; \$180,477 of this money is collected by the lodging entities represented by the members of the Tourism Council. This represents 87 percent of the hotel tax collected.

C.S.H.B. 4781 establishes that the cap on the county's hotel occupancy tax is seven percent of the price paid for a room in a hotel and that a hotel in a municipality that imposes a municipal hotel tax is not subject to the county hotel occupancy tax.

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

C.S.H.B. 4781 amends the Tax Code to establish that a county hotel occupancy tax imposed by a county that borders the United Mexican States and in which there is located a national park of more than 400,000 acres does not apply to a hotel located in a municipality that imposes a municipal hotel occupancy tax applicable to the hotel. The bill prohibits the county hotel occupancy tax rate in such a county from exceeding seven percent of the price paid for a room in a hotel and removes language prohibiting the tax rate in a county that has a population of 35,000 or more and borders or contains a portion of Lake Fork Reservoir from exceeding three percent of the price paid for a room in a hotel.

EFFECTIVE DATE

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

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 4781 differs from the original by making nonsubstantive changes relating to the statutory placement within the Tax Code of the provision making a county hotel occupancy tax imposed by a county that borders the United Mexican States and in which there is located a national park of more than 400,000 acres inapplicable to a hotel located in a municipality that imposes a municipal hotel occupancy tax applicable to the hotel.