

BILL ANALYSIS

S.B. 1633
By: Nichols
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Cities may charge a tax rate up to seven percent. However, some cities who meet the definition of an eligible central municipality are authorized to charge different rates ranging up to nine percent. Currently, the Tax Code provisions relating to municipal hotel occupancy allow for eligible central municipalities, those with a population of over 440,000, to receive a full rebate for sales and use tax, as well as hotel tax by a hotel development if it meets certain criteria, meaning the city would receive the six percent share that the state imposes. At this time, Arlington is not eligible to receive such a rebate.

As proposed, S.B. 1633 redefines an eligible municipality to mean a municipality with a population of more than 325,000, rather than 440,000.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

ANALYSIS

SECTION 1. Amends Section 351.001(7), Tax Code, to redefine "eligible central municipality" as a municipality with a population of more than 325,000, rather than 440,000, but less than 1.5 million that is located in a county with a population of one million or more and that has adopted a capital improvement plan for the expansion of an existing convention center facility.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2009.

EFFECTIVE DATE

September 1, 2009