

By: McCall

H.B. No. 1999

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the exclusion of certain amounts from the total revenue
3 of certain taxable entities for purposes of the franchise tax.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 171.1011, Tax Code, is amended by adding
6 Subsection (g-5) to read as follows:

7 (g-5) A taxable entity described by Section
8 171.0002(c)(4)(A) and the assets of which, other than real estate
9 the entity occupies for business purposes, are in direct holdings
10 of real estate used as a hotel shall exclude from its total revenue,
11 to the extent included under Subsection (c)(1)(A), (c)(2)(A), or
12 (c)(3), the operating costs of a hotel occupying that real estate.
13 For purposes of this subsection:

14 (1) "Hotel" means a building in which members of the
15 public obtain sleeping accommodations for consideration and in
16 relation to which the hotel occupancy tax imposed under Chapter 156
17 is required to be collected. The term includes a motel.

18 (2) "Operating costs of a hotel" means:

19 (A) direct departmental expenses, including:

20 (i) wages paid and the cost of benefits
21 provided to hotel employees;

22 (ii) costs of hotel supplies;

23 (iii) laundry expenses;

24 (iv) travel agent commissions and

1 reservation costs;
2 (v) telephone expenses;
3 (vi) food and beverage costs; and
4 (vii) all other direct costs incurred in
5 the business of providing, for consideration, sleeping
6 accommodations, food and beverage services, and other services
7 customarily offered at hotels;

8 (B) unallocated costs, including:

9 (i) general and administrative costs;
10 (ii) costs of utility services;
11 (iii) repair and maintenance costs;
12 (iv) sales and marketing expenses;
13 (v) third-party hotel base and incentive
14 management fees;
15 (vi) property taxes;
16 (vii) property and casualty insurance
17 premiums;
18 (viii) accident expenses; and
19 (ix) operating lease expenses; and

20 (C) allocated central costs of third-party hotel
21 managers and franchisors, and property improvement fund
22 contributions.

23 SECTION 2. This Act applies only to a report originally due
24 on or after the effective date of this Act.

25 SECTION 3. This Act takes effect January 1, 2010.