

## **BILL ANALYSIS**

H.B. 2265  
By: Ritter  
Ways & Means  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Currently, cities, counties, and the state receive a hotel occupancy tax from hotels and hotel related entities; however, while cities and the state may audit individual hotels to ensure proper remittance of the city or state hotel occupancy tax, as applicable, counties do not have a corresponding audit authority to ensure proper remittance of county hotel occupancy taxes. Recent audits conducted by two of the state's largest cities identified millions in underpayments of hotel occupancy taxes. Lacking this authority, counties have no internal means to review remittances submitted by hotels.

H.B. 2265 seeks to address the need for county audit authority to identify potential recoveries of unpaid county hotel occupancy taxes by authorizing a county that levies a hotel occupancy tax to audit hotels within its jurisdiction to ensure proper remittance of the local hotel occupancy tax owed to that county.

### **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. 2265 amends the Tax Code to authorize a county that imposes a hotel occupancy tax to audit a hotel to determine the amount of taxes due if the owner or operator of the hotel fails to file a required report relating to that tax. The bill authorizes the county, after the county gives reasonable notice to the hotel that the county intends to inspect the hotel's books or records, to access the books or records during business hours as necessary to conduct the audit.

### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2011.