

BILL ANALYSIS

C.S.H.B. 3341
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently, certain provisions of law relating to municipal hotel occupancy taxes allow for eligible municipalities to receive certain tax rebates from a hotel project and certain ancillary facilities. This financing methodology has been used by a number of major economic development projects over the last two decades, but questions have recently arisen regarding the procedure for a rebate. C.S.H.B. 3341 seeks to address this issue by establishing provisions relating to the rebate, refund, or payment of tax proceeds to a qualified hotel project.

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. 3341 amends the Government Code to require the comptroller of public accounts to deposit eligible taxable proceeds that were collected by or forwarded to the comptroller in relation to a qualified hotel project and to which the project is entitled in trust in a separate suspense account of the project. The bill establishes that a suspense account is outside the state treasury and authorizes the comptroller to make an authorized rebate, refund, or payment without the necessity of an appropriation. The bill requires the comptroller to rebate, refund, or pay to each qualified hotel project eligible taxable proceeds to which the project is entitled at least quarterly.

C.S.H.B. 3341 amends Tax Code provisions relating to tax refunds of the state sales and use tax for enterprise projects and to pledged revenues from the municipal hotel occupancy tax to make conforming changes regarding the requirement imposed on the comptroller to deposit and rebate, refund, or pay the taxes that are collected by or forwarded to the comptroller as provided by the bill's provisions.

EFFECTIVE DATE

September 1, 2011.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 3341 omits a provision included in the original including the State of Texas, for purposes of the Texas Enterprise Zone Act, as a governmental body authorized to agree to rebate, refund, or pay eligible taxable proceeds to the owner of a qualified hotel project at which the eligible taxable proceeds were generated for a period that may not exceed 10 years.

C.S.H.B. 3341 differs from the original by requiring the comptroller to rebate, refund, or pay to each qualified hotel project eligible taxable proceeds to which the project is entitled under the bill's provisions at least quarterly, whereas the original requires the comptroller to rebate, refund,

or pay to each qualified hotel project the hotel occupancy taxes and sales taxes to which the project is entitled at least monthly and to rebate, refund, or pay mixed beverage taxes at least quarterly.