

SENATE AMENDMENTS

2nd Printing

By: Aliseda

H.B. No. 1315

A BILL TO BE ENTITLED

AN ACT

relating to the use of municipal hotel occupancy tax revenue in certain municipalities.

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

SECTION 1. Subchapter B, Chapter 351, Tax Code, is amended by adding Section 351.1066 to read as follows:

Sec. 351.1066. ALLOCATION OF REVENUE: CERTAIN MUNICIPALITIES. (a) This section applies only to:

(1) a municipality with a population of at least 3,500 but less than 5,500 that is the county seat of a county with a population of less than 50,000 that borders a county with a population of more than 1.6 million; and

(2) a municipality with a population of at least 2,900 but less than 3,500 that is the county seat of a county with a population of less than 22,000 that is bordered by the Trinity River and includes a state park and a portion of a wildlife management area.

(b) Notwithstanding any other provision of this chapter, a municipality to which this section applies may use all or any portion of the revenue derived from the municipal hotel occupancy tax for:

(1) a business recruitment project to substantially enhance hotel activity and encourage tourism; and

(2) if requested and approved by a majority of the

1 hotel owners or managers in the municipality, the construction,
2 enlarging, equipping, improvement, maintenance, repairing and
3 operation of a recreational facility to substantially enhance hotel
4 activity and encourage tourism.

5 SECTION 2. This Act takes effect immediately if it receives
6 a vote of two-thirds of all the members elected to each house, as
7 provided by Section 39, Article III, Texas Constitution. If this
8 Act does not receive the vote necessary for immediate effect, this
9 Act takes effect September 1, 2011.

By: Aliseda

H.B. No. 1315

Substitute the following for H.B. No. 1315:

By: [Signature]

C.S. B. 1315
ADOPTED
MAY 24 2011
[Signature]
Secretary of the Senate

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(2) a municipality with a population of at least 2,900 but less than 3,500 that is the county seat of a county with a population of less than 22,000 that is bordered by the Trinity River and includes a state park and a portion of a wildlife management area.

(b) Notwithstanding any other provision of this chapter, a municipality to which this section applies may use all or any portion of the revenue derived from the municipal hotel occupancy tax for:

(1) a business recruitment project to substantially enhance hotel activity and encourage tourism; and

(2) the construction, enlarging, equipping,

1 improvement, maintenance, repairing and operation of a
2 recreational facility to substantially enhance hotel activity
3 and encourage tourism.

4 SECTION 2. Section 351.003, Tax Code, is amended by
5 adding Subsections (e) and (f) to read as follows:

6 (e) The rate in a municipality that has a population of
7 more than 95,000 and is in a county that borders Lake Palestine
8 and has a population of more than 200,000 may not exceed nine
9 percent of the price paid for a room. The municipality shall
10 allocate for the construction, expansion, maintenance, or
11 operation of convention center facilities all revenue received
12 by the municipality that is derived from the application of the
13 tax at a rate of more than seven percent of the price paid for a
14 room in a hotel.

15 (f) The rate in a municipality that has a population of at
16 least 80,000 and is partly located in a county that borders the
17 State of Louisiana and has a population of at least 60,000 may
18 not exceed nine percent of the price paid for a room. The
19 municipality shall allocate for the construction, expansion,
20 maintenance, or operation of convention center facilities all
21 revenue received by the municipality that is derived from the
22 application of the tax at a rate of more than seven percent of
23 the price paid for a room in a hotel.

24 SECTION 3. This Act takes effect immediately if it
25 receives a vote of two-thirds of all the members elected to each
26 house, as provided by Section 39, Article III, Texas
27 Constitution. If this Act does not receive the vote necessary

1 for immediate effect, this Act takes effect September 1, 2011.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 23, 2011

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: HB1315 by Aliseda (Relating to the use of municipal hotel occupancy tax revenue in certain municipalities.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1315, As Passed 2nd House: an impact of \$0 through the biennium ending August 31, 2013.
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General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2012	\$0
2013	\$0
2014	\$0
2015	\$0
2016	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>City of Longview</i>	Probable Revenue Gain/(Loss) from <i>City of Tyler</i>
2012	\$370,000	\$470,000
2013	\$424,000	\$539,000
2014	\$445,000	\$566,000
2015	\$467,000	\$594,000
2016	\$490,000	\$624,000

Fiscal Analysis

The bill would amend Chapter 351 of the Tax Code, regarding municipal hotel occupancy taxes.

Section 1 of the bill would allow certain municipalities to use revenue from the municipal hotel occupancy tax for business recruitment projects to substantially enhance hotel activity and encourage tourism and to construct, enlarge, equip, improve, maintain, repair, and operate a recreational facility.

A qualifying municipality must have a population of at least 3,500 but less than 5,500, and be the county seat of a county with a population of less than 50,000 that borders a county with a population of more than 1.6 million; or a population of at least 2,900 but less than 3,500, and be the county seat located in a county with a population of less than 22,000 that is bordered by the Trinity River and includes a state park and a portion of a wildlife management area.

Section 2 of the bill would set the maximum allowable municipal hotel occupancy tax rate at 9 percent of the price paid for a room for a municipality with a population greater than 95,000 located in a

county with a population greater than 200,000 that borders Lake Palestine.

Section 2 of the bill would set the maximum allowable municipal hotel occupancy tax rate at 9 percent of the price paid for a room for a municipality with a population of at least 80,000 that is partially located in a county that borders the state of Louisiana and has a population of at least 60,000.

For the municipalities affected by Section 2 of this bill, all revenue received from the application of the tax imposed by this chapter at a rate of more than 7 percent of the price paid for a room in a hotel must be allocated for the construction, expansion, maintenance, or operation of convention center facilities.

The bill would take effect immediately, assuming it receives the requisite two thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2011.

Methodology

The cities of Jourdanton and Fairfield would qualify, based on the provisions in Section 1 of the bill. For an applicable municipality, an additional usage of hotel occupancy tax revenue would have no direct fiscal impact. It could affect how a municipality uses revenue collected from the municipal hotel occupancy tax.

According to the Comptroller of Public Accounts (CPA), the cities of Longview and Tyler would be the only eligible municipalities that would meet the criteria in Section 2 of the bill.

For the purpose of this estimate, CPA gathered data on hotel receipts for Longview and Tyler subject to the state hotel occupancy tax from tax files, and multiplied the receipts by 2 percent (the difference between the current 7 percent rate the cities can levy under the Chapter's general provisions and the maximum rate should the bill become law) to determine the maximum potential gains to the cities.

CPA reports the fiscal implications for Longview and Tyler cannot be determined as the tax rates that might be set by the cities and the timing of any changes are unknown. However, for illustrative purposes this analysis shows the fiscal impact should Longview and Tyler adopt the maximum 9 percent municipal hotel occupancy tax rate at the earliest date permissible.

Local Government Impact

The fiscal impact to local government is illustrated in the table.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, KKR, SD, AG

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 19, 2011

TO: Honorable Mike Jackson, Chair, Senate Committee on Economic Development

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: HB1315 by Aliseda (Relating to the use of municipal hotel occupancy tax revenue in certain municipalities.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1315, Committee Report 2nd House, Substituted: an impact of \$0 through the biennium ending August 31, 2013.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2012	\$0
2013	\$0
2014	\$0
2015	\$0
2016	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>City of Longview</i>	Probable Revenue Gain/(Loss) from <i>City of Tyler</i>
2012	\$370,000	\$470,000
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Fiscal Analysis

The bill would amend Chapter 351 of the Tax Code, regarding municipal hotel occupancy taxes.

Section 1 of the bill would allow certain municipalities to use revenue from the municipal hotel occupancy tax for business recruitment projects to substantially enhance hotel activity and encourage tourism and to construct, enlarge, equip, improve, maintain, repair, and operate a recreational facility.

A qualifying municipality must have a population of at least 3,500 but less than 5,500, and be the county seat of a county with a population of less than 50,000 that borders a county with a population of more than 1.6 million; or a population of at least 2,900 but less than 3,500, and be the county seat located in a county with a population of less than 22,000 that is bordered by the Trinity River and includes a state park and a portion of a wildlife management area.

Section 2 of the bill would set the maximum allowable municipal hotel occupancy tax rate at 9 percent of the price paid for a room for a municipality with a population greater than 95,000 located in a

county with a population greater than 200,000 that borders Lake Palestine.

Section 2 of the bill would set the maximum allowable municipal hotel occupancy tax rate at 9 percent of the price paid for a room for a municipality with a population of at least 80,000 that is partially located in a county that borders the state of Louisiana and has a population of at least 60,000.

For the municipalities affected by Section 2 of this bill, all revenue received from the application of the tax imposed by this chapter at a rate of more than 7 percent of the price paid for a room in a hotel must be allocated for the construction, expansion, maintenance, or operation of convention center facilities.

The bill would take effect immediately, assuming it receives the requisite two thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2011.

Methodology

The cities of Jourdanton and Fairfield would qualify, based on the provisions in Section 1 of the bill. For an applicable municipality, an additional usage of hotel occupancy tax revenue would have no direct fiscal impact. It could affect how a municipality uses revenue collected from the municipal hotel occupancy tax.

According to the Comptroller of Public Accounts (CPA), the cities of Longview and Tyler would be the only eligible municipalities that would meet the criteria in Section 2 of the bill.

For the purpose of this estimate, CPA gathered data on hotel receipts for Longview and Tyler subject to the state hotel occupancy tax from tax files, and multiplied the receipts by 2 percent (the difference between the current 7 percent rate the cities can levy under the Chapter's general provisions and the maximum rate should the bill become law) to determine the maximum potential gains to the cities.

CPA reports the fiscal implications for Longview and Tyler cannot be determined as the tax rates that might be set by the cities and the timing of any changes are unknown. However, for illustrative purposes this analysis shows the fiscal impact should Longview and Tyler adopt the maximum 9 percent municipal hotel occupancy tax rate at the earliest date permissible.

Local Government Impact

The fiscal impact to local government is illustrated in the table.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, KKR, SD, AG

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 17, 2011

TO: Honorable Mike Jackson, Chair, Senate Committee on Economic Development

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: HB1315 by Aliseda (Relating to the use of municipal hotel occupancy tax revenue in certain municipalities.), **As Engrossed**

No fiscal implication to the State is anticipated.

The bill would amend Chapter 351 of the Tax Code, regarding the use of municipal hotel occupancy tax revenue in certain municipalities.

The bill would allow certain municipalities to use revenue from the municipal hotel occupancy tax for business recruitment projects to substantially enhance hotel activity and encourage tourism and, if requested and approved by a majority of the hotel owners or managers in the municipality, to construct, enlarge, equip, improve, maintain, repair, and operate a recreational facility.

A qualifying municipality must have a population of at least 3,500 but less than 5,500, and be the county seat of a county with a population of less than 50,000 that borders a county with a population of more than 1.6 million; or a population of at least 2,900 but less than 3,500, and be the county seat located in a county with a population of less than 22,000 that is bordered by the Trinity River and includes a state park and a portion of a wildlife management area.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2011.

Local Government Impact

For an applicable municipality, an additional usage of hotel occupancy tax revenue would have no direct fiscal impact. It could affect how a municipality uses revenue collected from the municipal hotel occupancy tax. The cities of Jourdanton and Fairfield would qualify, based on the provisions in the bill.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, KK, AG

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 17, 2011

TO: Honorable Harvey Hilderbran, Chair, House Committee on Ways & Means

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: HB1315 by Aliseda (relating to the use of municipal hotel occupancy tax revenue in certain municipalities.), **Committee Report 1st House, Substituted**

No fiscal implication to the State is anticipated.

The bill would amend Chapter 351 of the Tax Code, regarding the use of municipal hotel occupancy tax revenue in certain municipalities.

The bill would allow certain municipalities to use revenue from the municipal hotel occupancy tax for business recruitment projects to enhance hotel activity and encourage tourism and to construct, enlarge, equip, improve, maintain, repair, and operate a recreational facility. A qualifying municipality must have a population of at least 3,500 but less than 5,500, and be the county seat of a county with a population of less than 50,000 that borders a county with a population of more than 1.6 million.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2011.

Local Government Impact

For an applicable municipality, an additional usage of hotel occupancy tax revenue would have no direct fiscal impact. It could affect how a municipality uses revenue collected from the municipal hotel occupancy tax. The City of Jourdanton would qualify, based on the provisions of the bill.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, KK, AG

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 15, 2011

TO: Honorable Harvey Hilderbran, Chair, House Committee on Ways & Means

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: HB1315 by Aliseda (Relating to the use of municipal hotel occupancy tax revenue in certain municipalities.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would amend Chapter 351 of the Tax Code, regarding the use of municipal hotel occupancy tax revenue in certain municipalities.

The bill would allow certain municipalities to use revenue from the municipal hotel occupancy tax for economic development projects and to construct, enlarge, equip, improve, maintain, repair, and operate a recreational facility. A qualifying municipality must have a population of at least 4,000 but less than 5,500, and be the county seat of a county with a population of less than 50,000 that borders a county with a population of more than 1.6 million.

Local Government Impact

For an applicable municipality, an additional usage of hotel occupancy tax revenue would have no direct fiscal impact, although indirectly, it could create a savings if another revenue source had been used for economic development projects and enhancing and upgrading existing facilities.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, KK, SD, AG

LEGISLATIVE BUDGET BOARD
Austin, Texas

TAX/FEE EQUITY NOTE

82ND LEGISLATIVE REGULAR SESSION

April 17, 2011

TO: Honorable Harvey Hilderbran, Chair, House Committee on Ways & Means

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: HB1315 by Aliseda (relating to the use of municipal hotel occupancy tax revenue in certain municipalities.), **Committee Report 1st House, Substituted**

Because the bill would not create or impact a state tax or fee, no comment from this office is required by the rules of the House as to the general effects of the proposal on the distribution of tax and fee burdens among individuals and businesses.

Source Agencies:

LBB Staff: JOB, KK

LEGISLATIVE BUDGET BOARD
Austin, Texas

TAX/FEE EQUITY NOTE

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TO: Honorable Harvey Hilderbran, Chair, House Committee on Ways & Means

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LBB Staff: JOB, KK