

BILL ANALYSIS

C.S.H.B. 1279
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Many areas in South Texas, such as Bee County and the city of Beeville, are experiencing exponential growth in hotel occupancy due to drilling activity from the Eagle Ford Shale play. C.S.H.B. 1279 seeks to allow certain municipalities and counties to use local hotel occupancy tax revenues for critical infrastructure projects.

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. 1279 amends the Tax Code to add a temporary provision, set to expire September 1, 2025, to authorize a municipality located in a county with a population of less than 50,000 through which the Aransas River flows and that has a municipality with a population of more than 10,000, and that as of April 2013 had a water supply of not more than two years and had as its primary water source a reservoir that was at not more than 15 percent capacity, to use not more than 50 percent of the revenue derived from the municipal hotel occupancy tax to pay for critical water utility infrastructure repairs and improvements needed to address a severe drought that affects hotel activity in the municipality and to pledge for the payment of and pay debt incurred for that purpose. The bill prohibits such a municipality, as a result of this spending, from reducing the amount of municipal hotel occupancy tax revenue that the municipality spends annually on advertising and promotion of the municipality to an amount that is less than the average amount the municipality spent for that purpose each year from 2010 to 2012.

C.S.H.B. 1279 authorizes a county with a population of less than 50,000 through which the Aransas River flows and that has a municipality with a population of more than 10,000 and is authorized to impose a hotel occupancy tax to use not more than 20 percent of the revenue from the tax for projects to repair transportation infrastructure damage that is directly attributable to hotel activity in the county.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2013.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 1279 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Subchapter B, Chapter 351, Tax Code, is amended by adding Section 351.1067 to read as follows:

Sec. 351.1067. ALLOCATION OF REVENUE: CERTAIN MUNICIPALITIES IN COUNTIES THROUGH WHICH ARANSAS RIVER FLOWS. (a) This section applies only to a municipality located in a county with a population of less than 50,000 through which the Aransas River flows and that has a municipality with a population of more than 10,000.

(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 projects to maintain and improve critical infrastructure in the municipality.

SECTION 2. Subchapter B, Chapter 352, Tax Code, is amended by adding Section 352.1041 to read as follows:

Sec. 352.1041. USE OF REVENUE: CERTAIN COUNTIES THROUGH WHICH ARANSAS RIVER FLOWS. Notwithstanding any other provision of this chapter, a county with a population of less

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Subchapter B, Chapter 351, Tax Code, is amended by adding Section 351.1067 to read as follows:

Sec. 351.1067. ALLOCATION OF REVENUE: CERTAIN MUNICIPALITIES IN COUNTIES THROUGH WHICH ARANSAS RIVER FLOWS. (a) This section applies only to a municipality:

(1) located in a county with a population of less than 50,000 through which the Aransas River flows and that has a municipality with a population of more than 10,000; and
(2) that as of April 2013:

(A) had a water supply of not more than two years; and

(B) had as its primary water source a reservoir that was at not more than 15 percent capacity.

(b) Notwithstanding any other provision of this chapter and except as provided by Subsection (c), a municipality to which this section applies may use not more than 50 percent of the revenue derived from the municipal hotel occupancy tax to:

(1) pay for critical water utility infrastructure repairs and improvements needed to address a severe drought that affects hotel activity in the municipality; and

(2) pledge for the payment of and pay debt incurred for a purpose described by Subdivision (1).

(c) A municipality to which this section applies may not, as a result of spending under Subsection (b), reduce the amount of municipal hotel occupancy tax revenue that the municipality spends annually on advertising and promotion of the municipality to an amount that is less than the average amount the municipality spent for that purpose each year from 2010 to 2012.

(d) This section expires September 1, 2025.

SECTION 2. Subchapter B, Chapter 352, Tax Code, is amended by adding Section 352.1041 to read as follows:

Sec. 352.1041. USE OF REVENUE: CERTAIN COUNTIES THROUGH WHICH ARANSAS RIVER FLOWS. Notwithstanding any other provision of this chapter, a county with a population of less

than 50,000 through which the Aransas River flows and that has a municipality with a population of more than 10,000 and is authorized to impose a tax under this chapter may use all or any portion of the revenue from a tax imposed under this chapter for projects to maintain and improve critical infrastructure in the county.

SECTION 3. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2013.

than 50,000 through which the Aransas River flows and that has a municipality with a population of more than 10,000 and is authorized to impose a tax under this chapter may use not more than 20 percent of the revenue from a tax imposed under this chapter for projects to repair transportation infrastructure damage that is directly attributable to hotel activity in the county.

SECTION 3. Same as introduced version.