

BILL ANALYSIS

Senate Research Center

H.B. 1908
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Economic Development
5/15/2013
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

According to interested parties, Texas hotel occupancy tax rates are among the highest in the country, which impacts the state's ability to compete for group and convention business. Combined state, county, and municipal taxes can result in cumulative rates of between 13 and 15 percent, in general, and even higher in some of the state's larger cities. Current law also allows the imposition of an additional local hotel occupancy tax for venue projects, such as the construction or expansion of a stadium or convention center, upon approval of a ballot proposition to finance a venue project in this manner. If approved, this venue tax increases the cumulative hotel occupancy tax still further.

H.B. 1908 seeks to address this problem by capping the total amount of the combined hotel occupancy tax rate from all sources at 17 percent of the price paid for a room in a hotel and requiring that the wording on a ballot for a venue project hotel occupancy tax include both the proposed increase in the hotel occupancy tax and what the cumulative hotel occupancy tax would be if the proposition is approved.

H.B. 1908 amends current law relating to sports and community venue projects.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 334.001(4), Local Government Code, to redefine venue to mean a certain facility, including a convention center, convention center facility as defined by Section 351.001(2) (defining "convention center facilities" or "convention center complex") or 352.001(2) (defining "convention center facilities" or "convention center complex"), Tax Code, or related improvement such as a civic center hotel, theater, opera house, music hall, rehearsal hall, park, zoological park, museum, aquarium, or plaza located in the vicinity of a convention center or facility owned by a municipality or a county, rather than a convention center facility or related improvement such as a convention center, civic center, civic center building, civic center hotel, auditorium, theater, opera house, music hall, exhibition hall, rehearsal hall, park, zoological park, museum, aquarium, or plaza located in the vicinity of a convention center or facility owned by a municipality or a county.

SECTION 2. Amends Section 334.024, Local Government Code, by adding Subsection (d-1), to require that the ballot, if the proposition is authorizing the imposition of a hotel occupancy tax under Subchapter H (Hotel Occupancy Taxes), include certain required language.

SECTION 3. Amends Section 334.254, Local Government Code, as follows:

Sec. 334.254. TAX RATE. (a) Authorizes the tax authorized by this subchapter, except as provided by Subsections (c) and (d), to be imposed by a municipality or county at any rate not to exceed two percent of the price paid for a room in a hotel. Makes a nonsubstantive change.

(b) Requires that the ballot proposition at the election held to adopt the tax to specify the maximum rate of the tax to be adopted, and the maximum combined hotel occupancy tax rate that would be imposed from all sources at any location in the municipality or county, as applicable, if the rate proposed in the ballot proposition is adopted.

(c) Authorizes a county with a population of more than two million that is adjacent to a county with a population of more than one million, except as provided by Subsection (d), to impose the tax authorized by this subchapter at any rate not to exceed three percent of the price paid for a room in a hotel.

(d) Prohibits a municipality or county from proposing a hotel occupancy tax rate that would cause the combined hotel occupancy tax rate imposed from all sources at any location in the municipality or county, as applicable, to exceed 17 percent of the price paid for a room in a hotel. Provides that the following are not included in calculating the combined tax rate under this subsection:

(1) an assessment for an improvement project described by Section 372.0035 (Common Characteristic or Use for Projects in Certain Municipalities);

(2) an assessment authorized by Chapter 375 (Municipal Management Districts in General); or

(3) a fee collected by a hotel to recover the cost of an assessment described by Subdivision (1) or (2).

SECTION 4. Amends Section 334.255(b), Local Government Code, to require that the ballot for an election to increase the rate of the tax be printed to permit voting for or against the proposition include certain required language.

SECTION 5. Amends Section 335.054, Local Government Code, by adding Subsection (d-1), to require that the ballot, if the proposition is authorizing the imposition of a hotel occupancy tax, include certain required language.

SECTION 6. (a) Makes application of the change in law made by Section 334.001 (Definitions), Local Government Code, as amended by this Act, prospective.

(b) Makes application of the change in law made by Sections 334.024 (Election), 334.254(b), 334.255 (Rate Increases), and 335.054 (Election), Local Government Code, as amended by this Act, prospective.

(c) Makes application of the change in law made by this Section 334.254(d), Local Government Code, as amended by this Act, prospective.

SECTION 7. Effective date: September 1, 2013.