

BILL ANALYSIS

Senate Research Center

H.B. 3042
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Economic Development
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Texas is home to many barrier islands, such as South Padre Island, that attract tourists from all over the country. Some beaches on these islands suffer from erosion, and millions of dollars are spent every year maintaining and nourishing the beaches for the benefit of the state. Current law requires the state to issue to an eligible barrier island coastal municipality a portion of state hotel occupancy tax revenue collected from hotels located within the municipality. Interested parties contend that this funding allows coastal barrier island cities to use tax dollars paid by tourists to improve the beaches and ensure future tourism continues without increasing local property taxes. It is reported that certain barrier island municipalities, such as the City of South Padre Island, are growing and annexing territory that includes new beaches but are not able to raise funds to maintain and nourish these additional beaches solely from beach property owners. The goal of H.B. 3042 is to provide certain barrier island municipalities with additional funding for erosion response and beach maintenance.

H.B. 3042 amends current law relating to the allocation of state hotel occupancy tax revenue to certain municipalities for cleaning and maintenance of and erosion control for public beaches.

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 156.2512(a), Tax Code, as follows:

(a) Requires the comptroller of public accounts of the State of Texas (comptroller), not later than the last day of the month following a calendar quarter and subject to Subsection (d), to:

(1) compute the amount of revenue derived from the collection of taxes imposed under this chapter at a rate of one percent and received from hotels located on barrier islands in an eligible barrier island coastal municipality described by Subsection (c)(1)(C)(i) or (ii) and issue to the municipality a warrant drawn on the general revenue fund for that amount; and

(2) compute the amount of revenue derived from the collection of taxes imposed under this chapter at a rate of two percent and received from hotels located on barrier islands in an eligible barrier island coastal municipality described by Subsection (c)(1)(C)(iii) and issue to the municipality a warrant drawn on the general revenue fund for that amount.

Deletes existing text requiring the comptroller, not later than the last day of the month following a calendar quarter, to issue to the eligible barrier island coastal municipality a warrant drawn on the general revenue fund in the amount computed under Subdivision (1).

SECTION 2. Amends Section 156.2512(c)(1), Tax Code, as follows:

(1) Redefines "eligible barrier island coastal municipality" to mean a municipality:

(A)-(B) Makes no change to these paragraphs; and

(C) the boundaries of which:

(i) include a portion of national seashore;

(ii) include a natural estuarine research reserve; or

(iii) are within 30 miles of the United Mexican States.

Makes nonsubstantive changes.

SECTION 3. Amends Section 156.2512, Tax Code, by adding Subsection (d), to prohibit the comptroller from issuing a warrant to any municipality under this section for an amount that exceeds the amount of revenue derived from the collection of taxes imposed under this chapter at a rate of two percent and received from hotels located within the municipality.

SECTION 4. Effective date: September 1, 2013.