

BILL ANALYSIS

Senate Research Center
83R20590 KLA-F

H.B. 3043
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Economic Development
5/10/2013
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 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 beaches solely from beach property owners.

H.B. 3043 seeks to enable certain barrier island municipalities to continue funding beach maintenance and erosion control projects.

H.B. 3043 amends current law relating to increasing the maximum rate at which certain municipalities may impose a hotel occupancy tax and to the use of revenue from that tax.

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 351.003(d), Tax Code, to prohibit the municipal hotel occupancy tax rate in an eligible barrier island coastal municipality from exceeding nine percent, rather than 8-1/2 percent, of the price paid for a room.

SECTION 2. Amends Section 351.1055(e), Tax Code, as follows:

(e) Requires an eligible barrier island coastal municipality to use at least the amount of revenue derived from the application of the tax at a rate of one percent of the cost of a room for erosion response projects, rather than requiring an eligible barrier island coastal municipality that imposes the tax at a rate equal to or greater than 7-1/2 percent of the price paid for a room to use at least the amount of revenue derived from the application of the tax at a rate of one-half of one percent of the cost of a room for erosion control response projects.

SECTION 3. Effective date: upon passage or September 1, 2013.