

BILL ANALYSIS

C.S.H.B. 3043
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

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.

C.S.H.B. 3043 seeks to enable certain barrier island municipalities to continue funding beach maintenance and erosion control 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. 3043 amends the Tax Code to increase the municipal hotel occupancy tax rate from 8-1/2 percent to 9 percent of the price paid for a room in a municipality that borders on the Gulf of Mexico, that is located wholly on a barrier island, and the boundaries of which are within 30 miles of the United Mexican States. The bill requires such a municipality to use at least the amount of revenue derived from the application of the tax at a rate of one percent, rather than at a rate of one-half of one percent, of the cost of a room for erosion response projects and removes the specification in that provision that the municipality be a municipality that imposes the tax at a rate equal to or greater than 7-1/2 percent of the price paid for a room.

EFFECTIVE DATE

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

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 3043 differs from the original only by amending the caption.