

## **BILL ANALYSIS**

C.S.H.B. 3643  
By: Harper-Brown  
Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Current law authorizes certain municipalities that issued bonds before January 1, 2007, for the construction of a municipal arts center payable from and secured by municipal hotel occupancy tax revenue to use specified amounts of the municipality's hotel occupancy tax revenue to promote the arts. Interested parties note that this authority is currently set to expire September 1, 2022, and they contend that the success of the initiative merits its extension. Among other provisions, C.S.H.B. 3643 seeks to continue the authority of certain municipalities to use certain hotel occupancy tax revenue to promote the arts, which includes funding arts centers, by postponing the expiration of their authority to do so.

### **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. 3643 amends the Tax Code provision relating to the allocation of municipal hotel occupancy tax revenue for the arts by a municipality that has a population of more than 190,000, that is located in a county in which another municipality that has a population of more than one million is predominantly located, and that issued bonds before January 1, 2007, for the construction of a municipal arts center payable from and secured by such revenue. The bill prohibits such a municipality that spends more than 15 percent of that revenue in a fiscal year for the promotion of tourism and the convention and hotel industry through the encouragement, promotion, improvement, and application of the arts from reducing in that fiscal year the percentage of hotel occupancy tax revenue that the municipality spends for promoting tourism and the convention and hotel industry through advertising and conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity to a percentage that is less than the percentage of hotel occupancy tax revenue the municipality spent for that purpose during the municipality's 2011-2012 fiscal year. The bill postpones the expiration of the provisions governing the allocation of municipal hotel occupancy tax revenue for the arts for applicable municipalities from September 1, 2022, to September 1, 2026.

### **EFFECTIVE DATE**

September 1, 2013.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 3643 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. Section 351.1077(f), Tax Code, is repealed.

No equivalent provision but see SECTION 1 above.

No equivalent provision.

SECTION 2. 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.

HOUSE COMMITTEE SUBSTITUTE

No equivalent provision but see SECTION 1 below.

SECTION 1. Section 351.1077, Tax Code, is amended by amending Subsection (f) and adding Subsection (g) to read as follows:

(f) A municipality that spends more than 15 percent of the hotel occupancy tax revenue collected by the municipality in a fiscal year for a purpose described by Section 351.101(a)(4) may not in that fiscal year reduce the percentage of hotel occupancy tax revenue that the municipality spends for a purpose described by Section 351.101(a)(3) to a percentage that is less than the percentage of hotel occupancy tax revenue spent by the municipality for that purpose during the municipality's 2011-2012 fiscal year.

(g) This section expires September 1, 2026 [2022].

SECTION 2. The change in law made by this Act to Section 351.1077(f), Tax Code, applies only to a municipal fiscal year that begins on or after the effective date of this Act.

SECTION 3. This Act takes effect September 1, 2013.