

BILL ANALYSIS

S.B. 1703
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Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Many areas in South Texas, such as Bee County and the city of Beeville, are experiencing exponential growth in hotel occupancy due to drilling activity in the Eagle Ford Shale. S.B. 1703 seeks to allow certain municipalities and counties to use local hotel occupancy tax revenues for critical infrastructure 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

S.B. 1703 amends the Tax Code to add a temporary provision, set to expire September 1, 2025, to authorize a municipality located in a county with a population of less than 50,000 through which the Aransas River flows and that has a municipality with a population of more than 10,000 to use not more than 50 percent of the revenue derived from the municipal hotel occupancy tax to pay for critical water utility infrastructure repairs and improvements needed to address a severe drought that affects hotel activity in the municipality and to pledge for the payment of and pay debt incurred for that purpose. The bill prohibits such a municipality, as a result of this spending, from reducing the amount of municipal hotel occupancy tax revenue that the municipality spends annually on advertising and promotion of the municipality to an amount that is less than the average amount the municipality spent for that purpose each year from 2010 to 2012.

S.B. 1703 authorizes a county with a population of less than 50,000 through which the Aransas River flows and that has a municipality with a population of more than 10,000 and is authorized to impose a hotel occupancy tax to use not more than 20 percent of the revenue from the tax for projects to repair transportation infrastructure damage that is directly attributable to hotel activity in the county.

EFFECTIVE DATE

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