

## **BILL ANALYSIS**

Senate Research Center  
83R11985 ADM-D

C.S.S.B. 1703  
By: Zaffirini  
Economic Development  
4/10/2013  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The City of Beeville is experiencing exponential growth in hotel occupancy due to drilling activity in the Eagle Ford Shale.

C.S.S.B. 1703 allows the use of not more than 50 percent of the municipal hotel occupancy tax to be spent on water infrastructure projects. The city will not be able to reduce the amount spent on tourism promotion below the average amount spent over the preceding two years. C.S.S.B. 1703 also allows Beeville to use not more than 20 percent of this revenue to address certain transportation infrastructure damage.

C.S.S.B. 1703 amends current law relating to the use of hotel occupancy tax revenue in certain municipalities and counties.

### **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 Subchapter B, Chapter 351, Tax Code, by adding Section 351.1067, as follows:

Sec. 351.1067. ALLOCATION OF REVENUE: CERTAIN MUNICIPALITIES IN COUNTIES THROUGH WHICH ARANSAS RIVER FLOWS. (a) Provides that this section applies only to 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.

(b) Authorizes a municipality to which this section applies, notwithstanding any other provision of this chapter and except as provided by Subsection (c), to use not more than 50 percent of the revenue derived from the municipal hotel occupancy tax to:

(1) pay for critical water utility infrastructure repairs and improvements needed to address a severe drought that affects hotel activity in the municipality; and

(2) pledge for the payment of and pay debt incurred for a purpose described by Subdivision (1).

(c) Prohibits a municipality to which this section applies from, as a result of spending under Subsection (b), reducing the amount of municipal hotel 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.

(d) Provides that this section expires September 1, 2025.

SECTION 2. Amends Subchapter B, Chapter 352, Tax Code, by adding Section 352.1041, as follows:

Sec. 352.1041. USE OF REVENUE: CERTAIN COUNTIES THROUGH WHICH ARANSAS RIVER FLOWS. 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 tax under this chapter, notwithstanding any other provision of this chapter, to use not more than 20 percent of the revenue from a tax imposed under this chapter for projects to repair transportation infrastructure damage that is directly attributable to hotel activity within the county.

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