BILL ANALYSIS

BACKGROUND AND PURPOSE

Currently, certain counties, such as Val Verde County, are authorized to impose a hotel occupancy tax at a maximum rate of seven percent of the price paid for a room in a hotel in the unincorporated parts of the county and at a maximum rate of seven percent of the price paid for a room in a hotel within the boundaries of a municipality in the county when added to the hotel occupancy tax rate imposed by the municipality. Some municipalities in these counties, such as Del Rio, already impose a hotel occupancy tax at the maximum seven percent rate. Interested parties note that while such counties may wish to be allowed to impose a two percent county hotel occupancy tax for a room in a hotel within the municipal boundaries, current law would need to be amended to allow the tax because imposing such a tax would raise the maximum tax rate above the prescribed cap. S.B. 1833 seeks to address this issue.

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. 1833 amends the Tax Code to remove the statutory provision capping the rate at which a county that borders the United Mexican States and in which there is located a national recreation area may impose a county hotel occupancy tax if a municipality in the county imposes a municipal hotel occupancy tax at a rate that, when added to the municipal tax rate, equals seven percent of the price paid for a room in a hotel. The bill instead caps the rate at which such a county may impose a county hotel occupancy tax at two percent of the price paid for a room in a hotel if the hotel is located in a municipality that imposes a municipal hotel occupancy tax applicable to the hotel, or if the hotel is located in the extraterritorial jurisdiction of that municipality and the municipality imposes a municipal hotel occupancy tax in that area applicable to the hotel.

EFFECTIVE DATE

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