

BILL ANALYSIS

C.S.H.B. 1585
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties suggest that there are too few authorized purposes to which local hotel occupancy tax revenue may be applied and that certain city leaders should be given more local control of the tax revenue. C.S.H.B. 1585 seeks to provide that control.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

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. 1585 amends the Tax Code to authorize a municipality that has a population of not more than 5,000 and at least part of which is located less than one-eighth of one mile from a space center operated by a federal agency to use revenue from the municipal hotel occupancy tax for expenses, including promotion expenses, directly related to a sporting event in which the majority of participants are tourists who substantially increase economic activity at hotels and motels within the municipality or its vicinity. The bill authorizes such a municipality to use the amount of revenue derived from the municipal hotel occupancy tax at a rate of three percent of the price paid for a room in a hotel to establish, acquire, purchase, construct, improve, maintain, or operate an authorized facility and pay bonds issued for such purposes. The bill defines "authorized facility" as a civic center, marina, meeting room, hotel, parking facility, or visitor center, including signage related to the facility, that is owned by the municipality or a nonprofit corporation acting on behalf of the municipality, is located not more than 1,000 feet from a hotel property in the municipality, and substantially enhances hotel activity and encourages tourism within the municipality. The bill prohibits the municipality from using municipal hotel occupancy tax revenue on an authorized facility in a total amount that would exceed the amount of that revenue attributable to events at that facility for the 15-year period following the completion of construction.

C.S.H.B. 1585 requires a municipality that uses municipal hotel occupancy tax revenue for a purpose authorized by the bill to publish annually for the 15-year period following the completion of construction at the authorized facility for which the revenue was used a report on the municipality's website that lists the events held at the authorized facility with respect to which the tax revenue was used for the preceding year and the number of hotel room nights attributable to those events and the amount of hotel revenue and municipal hotel occupancy tax revenue attributable to events held at the authorized facility in that year.

C.S.H.B. 1585 requires the municipality, if it uses municipal hotel occupancy tax revenue to establish, acquire, purchase, construct, or improve an authorized facility, to calculate the following, on the 5th, 10th, and 15th anniversaries of the completion of construction at the facility:

- the sum of municipal hotel occupancy tax revenue used to maintain or operate the facility in the past five years, one-third of the amount of municipal hotel occupancy tax revenue used to establish, acquire, purchase, construct, or improve the authorized facility, and any credits carried over from a previous five-year period, as authorized by the bill; and
- municipal hotel occupancy tax revenue directly attributable to events held at the authorized facility in the past five years.

The bill requires the municipality, if the former amount exceeds the latter amount, to reimburse the municipality's hotel occupancy tax revenue fund from the municipality's general fund in the amount of the difference. The bill authorizes the municipality, if the latter amount exceeds the former amount for a given five-year period, to carry forward the difference to be used as a credit in a subsequent five-year period.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2015.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 1585 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

No equivalent provision. *(But see SECTION 1, Subsec. 351.1071(b) below.)*

SECTION 1. Subchapter B, Chapter 351, Tax Code, is amended by adding Section 351.1071 to read as follows:

Sec. 351.1071. ALLOCATION OF REVENUE: CERTAIN MUNICIPALITIES. (a) This section applies

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Section 351.101, Tax Code, is amended by adding Subsection (j) to read as follows:

(j) In addition to the purposes provided by Subsection (a), a municipality that has a population of not more than 5,000 and at least part of which is located less than one-eighth of one mile from a space center operated by an agency of the federal government may use revenue from the municipal hotel occupancy tax for expenses, including promotion expenses, directly related to a sporting event in which the majority of participants are tourists who substantially increase economic activity at hotels and motels within the municipality or its vicinity.

SECTION 2. Subchapter B, Chapter 351, Tax Code, is amended by adding Section 351.1071 to read as follows:

Sec. 351.1071. ALLOCATION OF REVENUE: CERTAIN MUNICIPALITIES. (a) This section applies

only to a municipality:
(1) that has a population of not more than 5,000; and
(2) at least part of which is located less than one-eighth of one mile from a space center operated by an agency of the federal government.

No equivalent provision

(b) Notwithstanding any other provision of this chapter, a municipality to which this section applies may use:
(1) not more than 45 percent of the revenue derived from the municipal hotel occupancy tax for economic development projects to enhance public areas at or in the immediate vicinity of hotels or convention center facilities, including construction and maintenance projects, projects improving the visual appeal of those areas, and projects updating signage; and
(2) not more than 15 percent of the revenue derived from the municipal hotel occupancy tax for peace officers, firefighters, emergency medical services personnel, or other local government employees working at special events attended by large numbers of tourists.

No equivalent provision

No equivalent provision.

only to a municipality:
(1) that has a population of not more than 5,000; and
(2) at least part of which is located less than one-eighth of one mile from a space center operated by an agency of the federal government.

(b) In this section, "authorized facility" means a civic center, marina, meeting room, hotel, parking facility, or visitor center, including signage related to the facility, that:
(1) is owned by the municipality or a nonprofit corporation acting on behalf of the municipality;
(2) is located not more than 1,000 feet from a hotel property in the municipality; and
(3) substantially enhances hotel activity and encourages tourism within the municipality.

No equivalent provision *(But see SECTION 1 above.)*

(c) Subject to Subsection (d) and notwithstanding any other provision of this chapter, a municipality to which this section applies may use the amount of revenue derived from the application of the tax under this chapter at a rate of three percent of the price paid for a room in a hotel to:
(1) establish, acquire, purchase, construct, improve, maintain, or operate an authorized facility; and
(2) pay bonds issued for a purpose described by Subdivision (1).

(d) A municipality may not use municipal hotel occupancy tax revenue on an

authorized facility in a total amount that would exceed the amount of that revenue attributable to events at that facility for the 15-year period following the completion of construction.

No equivalent provision.

(e) A municipality that uses municipal hotel occupancy tax revenue for a purpose authorized by this section shall publish annually for the 15-year period following the completion of construction at the authorized facility for which the revenue was used a report on the Internet website of the municipality that lists:

(1) for the preceding year, the events held at the authorized facility with respect to which the tax revenue was used and the number of hotel room nights attributable to those events; and

(2) the amount of hotel revenue and municipal hotel occupancy tax revenue attributable to events held at the authorized facility in that year.

No equivalent provision.

(f) If a municipality uses municipal hotel occupancy tax revenue to establish, acquire, purchase, construct, or improve an authorized facility, the municipality shall, on the 5th, 10th, and 15th anniversaries of the completion of construction at the facility:

(1) calculate:

(A) the sum of:

(i) municipal hotel occupancy tax revenue used to maintain or operate the facility in the past five years;

(ii) one-third of the amount of municipal hotel occupancy tax revenue used to establish, acquire, purchase, construct, or improve the authorized facility; and

(iii) any credits carried over from a previous five-year period, as authorized by Subsection (g); and

(B) municipal hotel occupancy tax revenue directly attributable to events held at the authorized facility in the past five years; and

(2) if the amount calculated under Subdivision (1)(A) exceeds the amount calculated under Subdivision (1)(B), reimburse the municipality's hotel occupancy tax revenue fund from the municipality's general fund in the amount of the difference.

No equivalent provision.

(g) If, for a given five-year period, the

amount calculated under Subsection (f)(1)(B) exceeds the amount calculated under Subsection (f)(1)(A), the municipality may carry forward the difference to be used as a credit in a subsequent five-year period.

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, 2015.

SECTION 3. Same as introduced version.