

BILL ANALYSIS

C.S.H.B. 3629
By: Raney
Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently, interested parties suggest, the permitted uses of municipal hotel tax revenue in certain municipalities is overly narrow and could encourage more tourism and benefit the local economy if expanded, all without raising taxes. C.S.H.B. 3629 seeks to provide for such expansion.

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. 3629 amends the Tax Code to authorize a municipality that has a population of at least 75,000 but not more than 95,000 and that is located in a county that has a population of more than 160,000 but less than 200,000 to use revenue from the municipal hotel tax to promote tourism and the convention and hotel industry by constructing, operating, or expanding a sporting related facility or sports field owned by the municipality, if the majority of the events at the facility or field are directly related to a sporting event in which the majority of participants are tourists who substantially increase economic activity at hotels in the municipality.

C.S.H.B. 3629 prohibits such a municipality that spends municipal hotel occupancy tax revenue for the described promotion from using that revenue for the acquisition of land for the sporting related facility or sports field. The bill requires the municipality to annually determine and prepare and publish on the municipality's website a report on the events held at the facility or field, the number of hotel room nights attributable to events held at the facility or field, and the amount of hotel revenue and municipal tax revenue attributable to the sports events and tournaments held at the facility or field for five years after the date the construction expenditures are completed. The bill authorizes the municipality to only spend hotel occupancy tax revenue for operational expenses of the facility or field if the costs are directly related to a sporting event in which the majority of participants are tourists who substantially increase economic activity at hotels in or near the municipality. The bill requires the municipality to reimburse to the municipality's hotel occupancy tax revenue fund from the municipality's general fund any expenditure in excess of the amount of area hotel revenue attributable to sporting events held at the sporting related facility or sports field for five years after the date the construction or expansion of the facility or field is completed.

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. 3629 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

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

(i) In addition to the purposes provided by Subsection (a), a municipality that has a population of at least 75,000 but not more than 95,000 and that is located in a county that has a population of more than 160,000 but less than 200,000 may use revenue from the municipal hotel tax to promote tourism and the convention and hotel industry by constructing, operating, or expanding a sporting related facility or sports field owned by the municipality, if the majority of the events at the facility or fields are directly related to a sporting event in which the majority of participants are tourists who substantially increase economic activity at hotels in the municipality.

SECTION 2. Subchapter B, Chapter 351, Tax Code, is amended by adding Section 351.1078 to read as follows:

Sec. 351.1078. ALLOCATION OF REVENUE: CERTAIN MUNICIPALITIES. (a) A municipality that spends municipal hotel occupancy tax revenue as authorized by Section 351.101(a)(7)(B)(ii) or (i):

(1) may not use municipal hotel occupancy tax revenue for the acquisition of land for the sports facility or sports fields described by those provisions;

(2) shall annually determine and prepare a report on the events held at the facility or fields, the number of hotel room nights attributable to events held at the facility or fields, and the amount of hotel revenue and municipal tax revenue attributable to the sports events and tournaments held at the facilities or fields for five years after the date the construction, operation, expansion, or upgrade expenditures are completed; and

(3) may only spend hotel occupancy tax revenue for operational expenses of the facility or fields if the costs are directly related to a sporting event in which the majority of participants are tourists who substantially increase economic activity at

HOUSE COMMITTEE SUBSTITUTE

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

(i) In addition to the purposes provided by Subsection (a), a municipality that has a population of at least 75,000 but not more than 95,000 and that is located in a county that has a population of more than 160,000 but less than 200,000 may use revenue from the municipal hotel tax to promote tourism and the convention and hotel industry by constructing, operating, or expanding a sporting related facility or sports field owned by the municipality, if the majority of the events at the facility or field are directly related to a sporting event in which the majority of participants are tourists who substantially increase economic activity at hotels in the municipality.

SECTION 2. Subchapter B, Chapter 351, Tax Code, is amended by adding Section 351.1078 to read as follows:

Sec. 351.1078. ALLOCATION OF REVENUE: CERTAIN MUNICIPALITIES. (a) A municipality that spends municipal hotel occupancy tax revenue as authorized by Section 351.101(i):

(1) may not use municipal hotel occupancy tax revenue for the acquisition of land for the sporting related facility or sports field described by that subsection;

(2) shall annually determine and prepare and publish on the municipality's Internet website a report on the events held at the facility or field, the number of hotel room nights attributable to events held at the facility or field, and the amount of hotel revenue and municipal tax revenue attributable to the sports events and tournaments held at the facility or field for five years after the date the construction expenditures are completed; and

(3) may only spend hotel occupancy tax revenue for operational expenses of the facility or field if the costs are directly related to a sporting event in which the majority of participants are tourists who substantially increase economic activity at

hotels in or near the municipality.

(b) The municipality shall reimburse to the municipality's hotel occupancy tax revenue fund from the municipality's general fund any expenditure in excess of the amount of area hotel revenue attributable to the construction, operation, expansion, and upgrade of the sports facility or sports fields described by Sections 351.101(a)(7)(B)(ii) and (i).

SECTION 3. 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.

hotels in or near the municipality.

(b) The municipality shall reimburse to the municipality's hotel occupancy tax revenue fund from the municipality's general fund any expenditure in excess of the amount of area hotel revenue attributable to sporting events held at the sporting related facility or sports field described by Section 351.101(i) for five years after the date the construction or expansion of the facility or field described by that subsection is completed.

SECTION 3. Same as introduced version.