

By: Darby

H.B. No. 2228

A BILL TO BE ENTITLED

AN ACT

relating to a refund of certain sales taxes collected by certain hotels and restaurants that complete renovation projects; authorizing a fee.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter I, Chapter 151, Tax Code, is amended by adding Section 151.433 to read as follows:

Sec. 151.433. REFUND PROGRAM FOR HOTEL AND RESTAURANT RENOVATION. (a) In this section:

(1) "Participant" means a person whose application to participate in the program has been approved by the comptroller.

(2) "Program" means the sales tax refund program under this section.

(b) A person who owns and operates a hotel in this state is eligible to participate in the program if the person:

(1) completes a project to repair, renovate, improve, or upgrade guest rooms, suites, or common areas of the hotel, for which the person spends at least:

(A) \$10,000 per guest room or suite; and

(B) \$2 million total for the project, including costs described by Paragraph (A); and

(2) before beginning the project described by Subdivision (1), submits a complete application to the comptroller under Subsection (d) for the project that is approved by the

1 comptroller under Subsection (e).

2 (c) A person who owns and operates a restaurant in this
3 state is eligible to participate in the program if the person:

4 (1) completes a project to repair, renovate, improve,
5 or upgrade dining areas, restrooms, kitchens, common areas,
6 exterior signs, building facade, or landscaping of the restaurant,
7 for which the person spends at least:

8 (A) \$10,000 for the kitchen and other areas used
9 primarily for food preparation; and

10 (B) \$100,000 total for the project, including
11 costs described by Paragraph (A); and

12 (2) before beginning the project described by
13 Subdivision (1), submits a complete application to the comptroller
14 under Subsection (d) for the project that is approved by the
15 comptroller under Subsection (e).

16 (d) An applicant to participate in the program must submit
17 to the comptroller for each project:

18 (1) a \$1,000 application fee;

19 (2) plans for the proposed project for the hotel or
20 restaurant, including an estimated completion date;

21 (3) the estimated cost of the project, verified by a
22 certified public accountant;

23 (4) a record of the annual sales tax collected by the
24 hotel or restaurant for the three calendar years preceding the year
25 in which the application is submitted, verified by a certified
26 public accountant; and

27 (5) an estimate of the sales tax that will be collected

1 by the hotel or restaurant in the calendar year following the year
2 in which the project is completed, verified by a certified public
3 accountant.

4 (e) The comptroller shall approve an application by an
5 applicant if the comptroller finds that the applicant is eligible
6 to participate in the program under Subsection (b) or (c).

7 (f) A participant is entitled to a refund of sales taxes
8 collected by the participant as provided by this section.

9 (g) The total amount of refunds to which a participant is
10 entitled is equal to 20 percent of the lesser of:

11 (1) the estimated cost of the project under Subsection
12 (d)(3); or

13 (2) the amount actually spent by the participant on
14 the project described by Subsection (b)(1) or (c)(1).

15 (h) The amount of the refund to which a participant is
16 entitled for a previous calendar year is equal to the lesser of:

17 (1) 25 percent of an amount determined by:

18 (A) determining the amount of sales tax collected
19 by the participant's hotel or restaurant in that calendar year; and

20 (B) subtracting the average annual amount of
21 sales tax collected by that hotel or restaurant as reported in the
22 participant's application under Subsection (d)(4); and

23 (2) the total amount of refunds to which the
24 participant is entitled under Subsection (g) minus the amount of
25 refunds issued to the participant in previous years.

26 (i) Not later than April 15 of each year, the comptroller
27 shall issue to a participant any refund for which the participant is

1 entitled for the previous calendar year.

2 (j) Projects at different locations of the same hotel or
3 restaurant are separate projects for purposes of this section.

4 (k) An application fee under Subsection (d) may be used only
5 by the comptroller to pay the cost of administering the program.

6 (l) The comptroller may adopt any rules or forms necessary
7 to implement this section.

8 SECTION 2. The change in law made by this Act does not
9 affect taxes imposed before the effective date of this Act, and the
10 law in effect before the effective date of this Act is continued in
11 effect for purposes of the liability for and collection of those
12 taxes.

13 SECTION 3. This Act takes effect September 1, 2015.