

# SENATE AMENDMENTS

2<sup>nd</sup> Printing

By: Herrero, Hunter

H.B. No. 1915

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the allocation of state hotel occupancy tax revenue to  
3 certain barrier island coastal municipalities.

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

5 SECTION 1. Section 156.2512, Tax Code, is amended by  
6 amending Subsections (a), (b), and (c) and adding Subsection (e) to  
7 read as follows:

8 (a) Not later than the last day of the month following a  
9 calendar quarter and subject to Subsection (d), the comptroller  
10 shall:

11 (1) compute the amount of revenue, excluding revenue  
12 described by Subsection (e), derived from the collection of taxes  
13 imposed under this chapter at a rate of two [~~one~~] percent and  
14 received from hotels located [~~on barrier islands~~] in an eligible  
15 barrier island coastal municipality; [~~described by Subsection~~  
16 ~~(c)(1)(C)(i) or (ii)] and~~

17 (2) issue to the municipality a warrant drawn on the  
18 general revenue fund for that amount [~~, and~~

19 [~~(2) compute the amount of revenue derived from the~~  
20 ~~collection of taxes imposed under this chapter at a rate of two~~  
21 ~~percent and received from hotels located on barrier islands in an~~  
22 ~~eligible barrier island coastal municipality described by~~  
23 ~~Subsection (c)(1)(C)(iii) and issue to the municipality a warrant~~  
24 ~~drawn on the general revenue fund for that amount].~~

1 (b) An eligible barrier island coastal municipality may use  
2 money received under this section only:

3 (1) to clean and maintain public beaches in that  
4 municipality; ~~and~~

5 (2) for an erosion response project in that  
6 municipality; and

7 (3) to clean and maintain bay shores owned by that  
8 municipality or leased by that municipality from this state.

9 (c) In this section:

10 (1) "Eligible barrier island coastal municipality"  
11 means a municipality:

12 (A) that borders on the Gulf of Mexico;

13 (B) that is located wholly or partly on a barrier  
14 island; and

15 (C) the boundaries of which:

16 (i) include an institution of higher  
17 education that is part of the Texas Coastal Ocean Observation  
18 Network under Section 33.065, Natural Resources Code ~~[a portion of~~  
19 ~~a national seashore]~~;

20 (ii) include a national estuarine research  
21 reserve; or

22 (iii) are within 30 miles of the United  
23 Mexican States.

24 (2) "Clean and maintain" has the meaning assigned by  
25 Section 61.063, Natural Resources Code.

26 (3) "Erosion response project" has the meaning  
27 assigned by Section 33.601, Natural Resources Code.

1       (e) This section does not apply to revenue derived from the  
2 collection of taxes paid by persons for the use or possession of or  
3 for the right to the use or possession of a room or space at a  
4 qualified hotel project, the owner of which is entitled to a rebate,  
5 refund, or payment of hotel occupancy tax revenue under:

- 6               (1) Section 2303.5055, Government Code; or  
7               (2) Section 151.429(h).

8       SECTION 2. This Act takes effect October 1, 2015.

ADOPTED

MAY 22 2015

*Leta Spaw*  
Secretary of the Senate

FLOOR AMENDMENT NO. \_\_\_\_\_

BY:

*Larry Taylor*

1 Amend H.B. No. 1915 by adding the following appropriately  
2 numbered SECTIONS to the bill and renumbering the other SECTIONS of  
3 the bill accordingly:

4 SECTION \_\_\_\_\_. Section 156.2512(a), Tax Code, is amended to  
5 read as follows:

6 (a) Not later than the last day of the month following a  
7 calendar quarter and subject to Subsection (d), the comptroller  
8 shall:

9 (1) compute the amount of revenue derived from the  
10 collection of taxes imposed under this chapter at a rate of one  
11 percent and received from hotels located on barrier islands in an  
12 eligible barrier island coastal municipality described by  
13 Subsection (c)(1)(C)(i), ~~(ii)~~, or (iv) and issue to the  
14 municipality a warrant drawn on the general revenue fund for that  
15 amount; and

16 (2) compute the amount of revenue derived from the  
17 collection of taxes imposed under this chapter at a rate of two  
18 percent and received from hotels located on barrier islands in an  
19 eligible barrier island coastal municipality described by  
20 Subsection (c)(1)(C)(iii) and issue to the municipality a warrant  
21 drawn on the general revenue fund for that amount.

22 SECTION \_\_\_\_\_. Section 156.2512(c)(1), Tax Code, is amended  
23 to read as follows:

24 (1) "Eligible barrier island coastal municipality"  
25 means a municipality:

26 (A) that borders on the Gulf of Mexico;  
27 (B) that is located wholly or partly on a barrier  
28 island; and

29 (C) that ~~[the boundaries of which]~~:

1 (i) includes [~~include~~] a portion of a  
2 national seashore;  
3 (ii) includes [~~include~~] a national  
4 estuarine research reserve; [~~or~~]  
5 (iii) is located [~~are~~] within 30 miles of  
6 the United Mexican States; or  
7 (iv) has a population of less than 10,000  
8 and is located in a county with a population of at least 300,000  
9 that is adjacent to a county with a population of at least  
10 3,000,000.

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**May 25, 2015**

**TO:** Honorable Joe Straus, Speaker of the House, House of Representatives

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** HB1915 by Herrero (Relating to the allocation of state hotel occupancy tax revenue to certain barrier island coastal municipalities.), **As Passed 2nd House**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1915, As Passed 2nd House: a negative impact of (\$8,186,000) through the biennium ending August 31, 2017.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	(\$3,613,000)
2017	(\$4,573,000)
2018	(\$4,820,000)
2019	(\$5,076,000)
2020	(\$5,345,000)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund 1</i>	Probable Revenue Gain/(Loss) from <i>City of Corpus Christi</i>	Probable Revenue Gain/(Loss) from <i>City of Port Aransas</i>	Probable Revenue Gain/(Loss) from <i>City of Quintana</i>
2016	(\$3,613,000)	\$2,874,000	\$593,000	\$2,000
2017	(\$4,573,000)	\$3,652,000	\$753,000	\$2,000
2018	(\$4,820,000)	\$3,850,000	\$794,000	\$2,000
2019	(\$5,076,000)	\$4,054,000	\$836,000	\$2,000
2020	(\$5,345,000)	\$4,269,000	\$880,000	\$2,000

Fiscal Year	Probable Revenue Gain/(Loss) from <i>City of Surfside Beach</i>
2016	\$144,000
2017	\$166,000
2018	\$174,000
2019	\$184,000
2020	\$194,000

## **Fiscal Analysis**

The bill would amend Section 156.2512 of the Tax Code, regarding the allocation of state hotel occupancy revenue to certain barrier island coastal municipalities. The bill would increase the amount of state hotel tax revenue eligible barrier island municipalities based on a tax rate of two percent for all such municipalities, excluding revenue derived from the collection of taxes from a qualified hotel project.

Additionally, the definition of an eligible barrier island coastal municipality would be amended to include a municipality the boundaries of which include an institution of higher education that is part of the Texas Coastal Ocean Observation Network under Section 33.065 of the Natural Resources Code. That provision would add the city of Corpus Christi as an eligible barrier island municipality, joining Port Aransas and South Padre Island.

The bill would also change the definition of an eligible barrier island coastal municipality to include a municipality that has a population of less than 10,000 and is located in a county with a population of at least 300,000 that is adjacent to a county with a population of at least 3,000,000.

The bill would take effect October 1, 2015.

## **Methodology**

The bill's provisions would add Corpus Christi, Surfside Beach, and Quintanta as eligible barrier island municipalities, and state tax revenue from all hotels located in Corpus Christi, Surfside Beach, and Quintanta would be subject to allocation to the cities based on a tax rate of two percent. The bill's provisions also would increase the current allocation to Port Aransas to be based on a tax rate of two percent rather than one percent. Data on taxable hotel receipts was multiplied by the applicable tax rate, or in the case of Port Aransas the increment to the applicable tax rate, that would be the basis of allocation of state tax revenue to each city to estimate the loss to the General Revenue Fund and the gains to the cities. The fiscal impact was then adjusted for the bill's effective date of October 1, 2015, and extrapolated through 2020.

## **Local Government Impact**

The fiscal impact to local government is illustrated in the table.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** UP, KK, SD, AG, SZ

**LEGISLATIVE BUDGET BOARD  
Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**May 6, 2015**

**TO:** Honorable Troy Fraser, Chair, Senate Committee on Natural Resources & Economic Development

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB1915** by Herrero (Relating to the allocation of state hotel occupancy tax revenue to certain barrier island coastal municipalities.), **As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1915, As Engrossed: a negative impact of (\$7,872,000) through the biennium ending August 31, 2017.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	(\$3,467,000)
2017	(\$4,405,000)
2018	(\$4,644,000)
2019	(\$4,890,000)
2020	(\$5,149,000)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue Gain/(Loss) from General Revenue Fund 1	Probable Revenue Gain/(Loss) from City of Port Aransas	Probable Revenue Gain/(Loss) from City of Corpus Christi
2016	(\$3,467,000)	\$593,000	\$2,874,000
2017	(\$4,405,000)	\$753,000	\$3,652,000
2018	(\$4,644,000)	\$794,000	\$3,850,000
2019	(\$4,890,000)	\$836,000	\$4,054,000
2020	(\$5,149,000)	\$880,000	\$4,269,000



## **Fiscal Analysis**

The bill would amend Section 156.2512 of the Tax Code, regarding the allocation of state hotel occupancy revenue to certain barrier island coastal municipalities. The bill would increase the rate of the state hotel occupancy tax that eligible barrier island municipalities receive from one percent to two percent for all such municipalities, excluding revenue derived from the collection of taxes from a qualified hotel project.

Additionally, the definition of an eligible barrier island coastal municipality would be amended to include a municipality the boundaries of which include an institution of higher education that is part of the Texas Coastal Ocean Observation Network under Section 33.065 of the Natural Resources Code. That provision would add the city of Corpus Christi as an eligible barrier island municipality, joining Port Aransas and South Padre Island.

The bill would take effect October 1, 2015.

## **Methodology**

The bill's provisions would add Corpus Christi as an eligible barrier island municipality, and state tax revenue from all hotels located in Corpus Christi would be subject to allocation to the city based on a tax rate of two percent. The bill's provisions also would increase the current allocation to Port Aransas to be based on a tax rate of two percent rather than one percent. Data on taxable hotel receipts was multiplied by the applicable tax rate, or in the case of Port Aransas the increment to the applicable tax rate, that would be the basis of allocation of state tax revenue to each city to estimate the loss to the General Revenue Fund and the gains to the cities. The fiscal impact was then adjusted for the bill's effective date of October 1, 2015, and extrapolated through 2020.

## **Local Government Impact**

The fiscal impact to local government is illustrated in the above table.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** UP, KK, SD, AG, SZ

**LEGISLATIVE BUDGET BOARD  
Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**April 21, 2015**

**TO:** Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB1915** by Herrero (relating to the allocation of state hotel occupancy tax revenue to certain barrier island coastal municipalities.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1915, Committee Report 1st House, Substituted: a negative impact of (\$7,872,000) through the biennium ending August 31, 2017.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	(\$3,467,000)
2017	(\$4,405,000)
2018	(\$4,644,000)
2019	(\$4,890,000)
2020	(\$5,149,000)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1	Probable Revenue Gain/(Loss) from <i>City of Port Aransas</i>	Probable Revenue Gain/(Loss) from <i>City of Corpus Christi</i>
2016	(\$3,467,000)	\$593,000	\$2,874,000
2017	(\$4,405,000)	\$753,000	\$3,652,000
2018	(\$4,644,000)	\$794,000	\$3,850,000
2019	(\$4,890,000)	\$836,000	\$4,054,000
2020	(\$5,149,000)	\$880,000	\$4,269,000

## **Fiscal Analysis**

The bill would amend Section 156.2512 of the Tax Code, regarding the allocation of state hotel occupancy revenue to certain barrier island coastal municipalities. The bill would increase the rate of the state hotel occupancy tax that eligible barrier island municipalities receive from one percent to two percent for all such municipalities, excluding revenue derived from the collection of taxes from a qualified hotel project.

Additionally, the definition of an eligible barrier island coastal municipality would be amended to include a municipality the boundaries of which include an institution of higher education that is part of the Texas Coastal Ocean Observation Network under Section 33.065 of the Natural Resources Code. That provision would add the city of Corpus Christi as an eligible barrier island municipality, joining Port Aransas and South Padre Island.

The bill would take effect October 1, 2015.

## **Methodology**

The bill's provisions would add Corpus Christi as an eligible barrier island municipality, and state tax revenue from all hotels located in Corpus Christi would be subject to allocation to the city based on a tax rate of two percent. The bill's provisions also would increase the current allocation to Port Aransas to be based on a tax rate of two percent rather than one percent. Data on taxable hotel receipts was multiplied by the applicable tax rate, or in the case of Port Aransas the increment to the applicable tax rate, that would be the basis of allocation of state tax revenue to each city to estimate the loss to the General Revenue Fund and the gains to the cities. The fiscal impact was then adjusted for the bill's effective date of October 1, 2015, and extrapolated through 2020.

## **Local Government Impact**

The fiscal impact to local government is illustrated in the above table.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** UP, KK, SD, AG, SZ

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**March 20, 2015**

**TO:** Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB1915** by Herrero (Relating to the allocation of state hotel occupancy tax revenue to certain barrier island coastal municipalities.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1915, As Introduced: a negative impact of (\$1,849,000) through the biennium ending August 31, 2017.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	(\$867,000)
2017	(\$982,000)
2018	(\$1,036,000)
2019	(\$1,090,000)
2020	(\$1,148,000)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1	Probable Revenue Gain/(Loss) from <i>City of Port Aransas</i>	Probable Revenue Gain/(Loss) from <i>City of Corpus Christi</i>
2016	(\$867,000)	\$652,000	\$215,000
2017	(\$982,000)	\$753,000	\$229,000
2018	(\$1,036,000)	\$794,000	\$242,000
2019	(\$1,090,000)	\$836,000	\$254,000
2020	(\$1,148,000)	\$880,000	\$268,000

## **Fiscal Analysis**

The bill would amend Section 156.2512 of the Tax Code, regarding the allocation of state hotel occupancy revenue to certain barrier island coastal municipalities. The bill would increase the rate of the state hotel occupancy tax that eligible barrier island municipalities receive from one percent to two percent for all such municipalities, excluding revenue derived from the collection of taxes from a qualified hotel project.

Additionally, the definition of an eligible barrier island coastal municipality would be amended to include a municipality the boundaries of which include an institution of higher education that is part of the Texas Coastal Ocean Observation Network under Section 33.065 of the Natural Resources Code. That provision would add the city of Corpus Christi as an eligible barrier island municipality, joining Port Aransas and South Padre Island.

The bill would take effect September 1, 2015.

## **Methodology**

The bill's provisions would add Corpus Christi as an eligible barrier island municipality, but only hotels located on the barrier island of Corpus Christi would receive the 2% allocation. The bill's provisions would also increase the current allocation to Port Aransas by an additional one percent. Data on taxable hotel receipts was multiplied by the percentage increase in the state hotel occupancy tax rate for each city to estimate the loss to the General Revenue Fund and the gains to the cities. The fiscal impact was then adjusted for the bill's effective date, and extrapolated through 2020.

## **Local Government Impact**

The fiscal impact to local government is illustrated in the above table.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** UP, KK, SD, AG, SZ

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**TAX/FEE EQUITY NOTE**

**84TH LEGISLATIVE REGULAR SESSION**

**April 20, 2015**

**TO:** Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB1915** by Herrero (relating to the allocation of state hotel occupancy tax revenue to certain barrier island coastal municipalities.), **Committee Report 1st House, Substituted**

No statistically significant impact on the overall distribution of a state tax or fee burden among individuals and businesses is anticipated from the provisions of this bill.

**Source Agencies:**

**LBB Staff:** UP, KK

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**TAX/FEE EQUITY NOTE**

**84TH LEGISLATIVE REGULAR SESSION**

**March 20, 2015**

**TO:** Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB1915** by Herrero (Relating to the allocation of state hotel occupancy tax revenue to certain barrier island coastal municipalities.), **As Introduced**

Because the bill would not create or impact a state tax or fee, no comment from this office is required by the rules of the House as to the general effects of the proposal on the distribution of tax and fee burdens among individuals and businesses.

**Source Agencies:**

**LBB Staff:** UP, KK