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| BILL ANALYSIS |

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| S.B. 440 |
| By: Rodríguez |
| Ways & Means |
| Committee Report (Unamended) |

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| **BACKGROUND AND PURPOSE** Interested parties note that certain small towns in Texas, such as the city of Marfa, are becoming increasingly popular tourist destinations and that most of these small towns do not have a commercial airport capable of accommodating the increasingly large aircraft coming into the areas surrounding these towns. These parties contend that a new revenue stream is needed to fund the construction of new airport runways and taxiways. S.B. 440 seeks to provide this new funding mechanism by authorizing certain municipalities to use municipal hotel occupancy tax revenue to improve or expand an airport that meets prescribed criteria. |
| **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** S.B. 440 amends the Tax Code to authorize a municipality that is the county seat of a county that borders the United Mexican States, that borders a county that has a population of less than 5,000, borders the United Mexican States, and in which there is located a major observatory, and that borders a county that borders the United Mexican States and in which there is located a national park of more than 400,000 acres to use municipal hotel occupancy tax revenue to improve or expand an airport that is owned by the county in which the municipality is located, that is located more than 150 miles from the nearest airport in Texas with regularly scheduled commercial airline flights, and that is substantially used for private air service that transports individuals staying at hotels in or near the municipality. The bill caps the amount of municipal hotel occupancy tax revenue that a municipality may use to improve or expand such an airport as follows: at a total amount that would exceed the amount of hotel revenue in the municipality that is likely to be reasonably attributable to guests traveling through the airport during the 15-year period beginning on the date the municipality first uses the municipal hotel occupancy tax revenue to improve or expand the airport; or, for each fiscal year, at 15 percent of the hotel occupancy tax revenue collected by the municipality during that year. The bill prohibits a municipality from using municipal hotel occupancy tax revenue to improve or expand an airport after the 10th anniversary of the date the municipality first uses that revenue for that purpose and requires a municipality's governing body to retain sufficient control over municipal hotel occupancy tax revenue to ensure the revenue is used to benefit the municipality by improving or expanding an airport.S.B. 440 expires December 31, 2032. |
| **EFFECTIVE DATE** On passage, or, if the bill does not receive the necessary vote, September 1, 2017. |