

BILL ANALYSIS

C.S.H.B. 902
By: Nevárez
Ways & Means
Committee Report (Substituted)

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. C.S.H.B. 902 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

C.S.H.B. 902 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.

C.S.H.B. 902 expires December 31, 2032.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2017.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 902 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

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Subchapter B, Chapter 351, Tax Code, is amended by adding Section 351.1036 to read as follows:

SECTION 1. Subchapter B, Chapter 351, Tax Code, is amended by adding Section 351.1036 to read as follows:

Sec. 351.1036. ALLOCATION OF REVENUE FOR AIRPORTS BY CERTAIN MUNICIPALITIES IN BORDER COUNTIES. (a) This section applies only to a municipality that is the county seat of a county that borders:

Sec. 351.1036. ALLOCATION OF REVENUE FOR AIRPORTS BY CERTAIN MUNICIPALITIES IN BORDER COUNTIES. (a) This section applies only to a municipality that is the county seat of a county that borders:

- (1) the United Mexican States;
- (2) a county described by Section 352.002(a)(7); and
- (3) a county described by Section 352.002(a)(14).

- (1) the United Mexican States;
- (2) a county described by Section 352.002(a)(7); and
- (3) a county described by Section 352.002(a)(14).

(b) Notwithstanding any other provision of this chapter, a municipality to which this section applies may use municipal hotel occupancy tax revenue to improve or expand an airport:

(b) Notwithstanding any other provision of this chapter, a municipality to which this section applies may use municipal hotel occupancy tax revenue to improve or expand an airport:

- (1) owned by the county in which the municipality is located;
- (2) located more than 150 miles from the nearest airport in this state with regularly scheduled commercial airline flights; and
- (3) substantially used for private air service that transports individuals staying at hotels in or near the municipality.

- (1) owned by the county in which the municipality is located;
- (2) located more than 150 miles from the nearest airport in this state with regularly scheduled commercial airline flights; and
- (3) substantially used for private air service that transports individuals staying at hotels in or near the municipality.

(c) A municipality to which this section applies may not use municipal hotel occupancy tax revenue to improve or expand an airport described by Subsection (b):

(c) A municipality to which this section applies may not use municipal hotel occupancy tax revenue to improve or expand an airport described by Subsection (b):

- (1) in an amount each fiscal year that exceeds 15 percent of the hotel occupancy tax revenue collected by the municipality during that year; or
- (2) in a total amount under this section 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

- (1) in an amount each fiscal year that exceeds 15 percent of the hotel occupancy tax revenue collected by the municipality during that year; or
- (2) in a total amount under this section 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 municipal hotel occupancy tax revenue to improve or expand the airport.

(d) A municipality to which this section applies may not use municipal hotel occupancy tax revenue to improve or expand an airport described by Subsection (b) after the 10th anniversary of the date the municipality first uses that revenue for that purpose.

(e) The governing body of a municipality shall, before using municipal hotel occupancy tax revenue as provided by this section, enter into a memorandum of understanding with the county that owns the airport granting the municipality adequate control to ensure the municipality receives a sufficient public benefit from the revenue used.

(f) This section expires December 31, 2032.

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, 2017.

municipality first uses municipal hotel occupancy tax revenue to improve or expand the airport.

(d) A municipality to which this section applies may not use municipal hotel occupancy tax revenue to improve or expand an airport described by Subsection (b) after the 10th anniversary of the date the municipality first uses that revenue for that purpose.

(e) The governing body of a municipality shall retain sufficient control over revenue described by this section to ensure the revenue is used to benefit the municipality by improving or expanding an airport described by Subsection (b).

(f) This section expires December 31, 2032.

SECTION 2. Same as introduced version.