

BILL ANALYSIS

Senate Research Center
85R31920 CJC-F

C.S.H.B. 1300
By: Springer; Guillen (Estes)
Natural Resources & Economic Development
5/21/2017
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

H.B. 1300 amends current law authorizing municipalities to spend their municipal hotel occupancy tax revenues on electronic tax administration systems for the collection of those hotel occupancy taxes. Under current law, a municipality is permitted to spend one percent of the municipal hotel occupancy tax revenue it collects on the creation, maintenance, and operation of an electronic tax administration system to collect that tax. The law does not state that this amount can be spent annually. H.B. 1300 changes the statute to state that the amount can be spent annually on this system, but only up to the lesser of one percent of the amount collected or \$75,000 per year. Additionally, the hotels that must collect and remit the municipal hotel occupancy tax may retain, rather than remit, up to one percent of the revenue they collect to pay for their costs in collecting the tax. (Original Author's / Sponsor's Statement of Intent)

C.S.H.B. 1300 amends current law relating to the collection and use of certain hotel occupancy taxes.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 334.001, Local Government Code, by amending Subdivisions (1) and (4) and adding Subdivision (1-a), as follows:

(1) Defines "active transportation."

(1-a) Creates this subdivision from existing text defining "approved venue project" and makes no further changes to this subdivision.

(4) Redefines "venue."

SECTION 2. Amends Section 334.1015, Local Government Code, as follows:

Sec. 334.1015. APPLICATION. (a) Creates an exception under Subsection (b).

(b) Authorizes a municipality located on the international border to finance a venue project described by Section 334.001(4)(D) (relating to the definition of "venue" including certain municipal parks and recreational systems) with the revenue from a tax imposed under this subchapter (Short-Term Motor Vehicle Rental Tax).

SECTION 3. Amends Section 334.2515, Local Government Code, as follows:

Sec. 334.2515. APPLICATION. Provides that, except as provided by Section 334.2516 (Use of Revenue by Certain Municipalities for Certain Purposes), this subchapter (Hotel Occupancy Taxes) does not apply to the financing of a venue project that is a certain area, project, or facility.

SECTION 4. Amends Section 351.005, Tax Code, as follows:

Sec. 351.005. REIMBURSEMENT FOR EXPENSES OF TAX COLLECTION AND USE OF ELECTRONIC TAX ADMINISTRATION SYSTEM. (a) Authorizes a municipality to permit a person who is required to collect and pay over to the municipality the tax authorized by this chapter (Municipal Hotel Occupancy Taxes) to withhold not more than one percent of the amount of the tax collected and required to be reported as reimbursement to the person for the cost of collecting the tax, rather than for the costs in collecting the tax and if, applicable, the use of a certain electronic tax administration system.

(b) Requires the municipality, if a municipality uses revenue derived from the tax authorized by this chapter to create, maintain, operate, or administer a certain electronic tax administration system, to permit a person who is required to collect and pay over to the municipality the tax authorized by this chapter to withhold not more than one percent of the amount of the tax collected and required to be reported as reimbursement to the person for the cost of collecting the tax.

(c) Authorizes the municipality to provide that the reimbursement provided or required by this section be forfeited because of a failure to pay the tax or to file a report as required by the municipality. Creates this subsection from existing text.

SECTION 5. (a) Reenacts Section 351.101(a), Tax Code, as amended by Chapters 666 (H.B. 3772) and 979 (H.B. 3615), Acts of the 84th Legislature, Regular Session, 2015, and amends it, as follows:

(a) Authorizes revenue from the municipal hotel occupancy tax to be used only to promote tourism and the convention and hotel industry, and provides that use is limited to, among certain other uses, subject to Section 351.1076 (Allocation of Revenue: Certain Municipalities), to the promotion of tourism by the enhancement and upgrading of existing sports facilities or fields, including facilities or fields for baseball, soccer, flag football, and rodeos, if the municipality contains an intersection of Interstates 35E and 35W and at least two public universities. Makes nonsubstantive changes.

(b) Provides that, to the extent of any conflict, this section controls over another Act of the 85th Legislature, Regular Session, 2017, relating to nonsubstantive additions to and corrections in enacted codes.

(c) Effective date of this section: upon passage or September 1, 2017.

SECTION 6. Amends Section 351.101, Tax Code, by adding Subsection (o), as follows:

(o) Authorizes a municipality that has a population of not more than 10,000, that contains an outdoor gear and sporting goods retailer with a certain retail space and that hosts an annual wiener dog race, in addition to the purposes provided by Subsection (a), to use revenue from the municipal hotel occupancy 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. Prohibits the municipality, if a municipality to which this subsection applies uses revenue derived from the municipal hotel occupancy tax for a purpose described by this subsection, from reducing the percentage of revenue from that tax allocated for a certain purpose to a percentage that is less than the average percentage of that revenue allocated by the municipality for that purpose during the 36-month period preceding the date the municipality begins using the revenue for a purpose describe by this subsection.

SECTION 7. Amends Section 351.1012(a), Tax Code, as follows:

(a) Authorizes a municipality, notwithstanding any other provision of this chapter, to spend each year not more than the lesser of one percent or \$75,000 of the revenue derived from the tax authorized by this chapter during that year for certain purposes, rather than spend not more than one percent of the revenue derived from the tax authorized by this chapter for certain purposes. Prohibits a municipality from using revenue the municipality is authorized to spend under this subsection to conduct an audit.

SECTION 8. Amends Section 351.1078, Tax Code, as follows:

Sec. 351.1078. ALLOCATION OF REVENUE: CERTAIN MUNICIPALITIES. (a) Provides that a municipality that spends municipal hotel occupancy tax revenue as authorized by Section 351.101(i) (relating to the authority of a certain municipality to use revenue from the municipal hotel tax to promote tourism and the convention and hotel industry) or (o) is prohibited from using the revenue for certain matters and is required to make certain determinations and preparations.

(b) Includes Section 351.101(o) in the sections describing a sporting related facility or sports field.

SECTION 9. Amends Section 352.103, Tax Code, as follows:

Sec. 352.103. USE OF REVENUE: COUNTIES WITH NO MUNICIPALITY. (a) Creates an exception under Subsection (b) and makes a nonsubstantive change.

(b) Authorizes a certain county, notwithstanding any other provision of this chapter (County Hotel Occupancy Taxes), to use revenue from a tax imposed under this chapter for repairs and improvements to the county airport or reimbursement for repairs and improvements to the airport.

(c) Prohibits a county to which Subsection (b) applies from using the revenue from a tax imposed under this chapter for a purpose described by Subsection (b) in a total amount that would exceed the amount of hotel revenue in the county that is likely to be reasonably attributable to guests traveling through the airport during the 15-year period beginning on the date the county first uses the tax revenue for that purpose.

(d) Prohibits a county to which Subsection (b) applies from using the revenue from a tax imposed under this chapter for a purpose described by Subsection (b) after the 10th anniversary of the date the county first uses that revenue for that purpose.

SECTION 10. Provides that the change in law made by this Act does not affect tax liability accruing before the effective date of this Act. Provides that liability continues in effect as if this Act had not been enacted, and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.

SECTION 11. Effective date, except as otherwise provided by this Act: January 1, 2018.