

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 21, 2017

TO: Honorable Craig Estes, Chair, Senate Committee on Natural Resources & Economic Development

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB1300** by Springer (relating to the collection and use of certain hotel occupancy taxes.),
Committee Report 2nd House, Substituted

<p>No fiscal implication to the State is anticipated.</p>
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Local Government Impact

The bill would amend the Local Government Code and Tax Code relating to the collection and use of certain hotel occupancy taxes.

The bill would amend Chapter 334 of the Local Government Code, regarding sports and community venues, to define "active transportation" and to amend the definition of "venue" to include: 1) an area or facility for active transportation use that is part of a municipal parks and recreation system, and 2) an airport facility located in a municipality located on the international border. The bill would amend Section 334.1015 to apply the subchapter to a municipality located on the international border and would allow such a municipality to finance a venue project that is, or is a part of, a municipal parks and recreation system.

The bill would amend Chapter 351 of the Tax Code to require a municipality that uses revenue from this tax for an electronic tax administration system to allow a person who collects and remits the tax to retain up to one percent of that tax revenue as reimbursement for the cost of collecting the tax. The bill would also limit the amount of this municipal tax that can be spent on a tax administration system, in each year, to the lesser of one percent or \$75,000, and would prohibit a municipality from using revenue authorized for a tax administration system to conduct an audit.

This bill would also amend Chapter 351 of the Tax Code, regarding municipal hotel occupancy taxes, to amend Section 351.101(a)(7) to authorize a municipality that contains an intersection of Interstates 35E and 35W and at least two public universities, to use municipal hotel occupancy taxes for the promotion of tourism by the enhancement and upgrading of an existing sports facility or field.

This bill would amend Chapter 351 of the Tax Code, regarding municipal hotel occupancy taxes, to add new Section 351.101(o) to authorize a municipality that (1) has a population of not more than 10,000; (2) contains an outdoor gear and sporting goods retailer with retail space larger than 175,000 square feet; and (3) that hosts an annual wiener dog race, to use municipal hotel occupancy taxes to promote tourism and the convention and hotel industry by constructing,

operating or expanding a sporting related facility or 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. The bill would place limitations on any reduction in the allocation of municipal hotel occupancy tax revenue related to advertising and conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity in Section 351.101(a)(3) of the Tax Code.

The bill would amend Section 352.103, regarding the use of revenue for counties with no municipality, to add subsection (b) as an exception to the use of revenue that would apply only to a county with no municipality that owns an airport. The county so described could use county hotel occupancy tax revenue for general improvement and beautification projects that encourage tourism, and also for repairs and improvements to the county airport.

This bill would take effect January 1, 2018.

Sections 4 and 7 of the bill, relating to electronic tax administration systems, would affect all municipalities but would have no state revenue implications.

Sections 1-3, 5-6, 8, and 10 of the bill would affect the Cities of Denton, Buda, a municipality located on the international border, and Jim Hogg County. The sections would have no state revenue implications.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, SZ, SD, KK