

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

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**May 8, 2017**

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

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

**IN RE: HB1896** by Bohac (Relating to the application of and use of revenue from hotel occupancy taxes imposed by municipalities and counties.), **As Engrossed**

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

The bill would amend the Local Government Code and Tax Code relating to use of revenue from hotel occupancy taxes imposed by municipalities and counties, and the rate of such taxes applicable to certain contracts for the use of hotel rooms.

The bill would amend Chapter 334 of the Local Government Code, regarding sports and community venues, to provide that a facility financed wholly or partly by a hotel tax imposed under the chapter may not be primarily used for events attended only by residents of the community. The definition of a venue that is a convention center, convention center facility or related improvements such as a civic center hotel would be revised to require that a related improvement for a facility financed wholly or partly with hotel occupancy taxes must be in the vicinity of the convention center.

The bill would amend subdivision (2) of Section 351.001 of the Tax Code, regarding municipal hotel occupancy taxes, to add to the definition for convention hotel facilities that for purposes of the subdivision the term "meetings" means gatherings of people that enhance and promote tourism and the convention and hotel industry. The bill would amend provisions for the use of municipal hotel occupancy tax revenue.

The bill would amend Chapters 351 and 352 (county hotel occupancy taxes) of the Tax Code, regarding preexisting contracts, to add a provision for a contract that provides for payment of one or both of these taxes for a hotel room. If a municipality or county imposes a hotel tax or changes the tax rate, that change would not apply to a contract executed before the date the hotel tax rate change became effective unless the contract is subject to such changes.

The bill would take effect September 1, 2017.

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

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

