

BILL ANALYSIS

Senate Research Center

S.B. 1262
By: Johnson
Natural Resources & Economic Development
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 1262 would authorize the City of Garland to use hotel/motel tax revenues for expenses related to sporting events in which the majority of participants are tourists, upgrading existing sporting facilities, and lowering the minimum amount allocated for advertising and promotions.

Chapter 351, Tax Code, currently mandates that municipalities with a population over 200,000 allocate 50 percent of their hotel/motel tax revenue for advertising and promotions. This one-size-fits-all restriction for municipalities with populations over 200,000 is not practical for a city such as Garland. Although Garland spends a substantial amount of money for targeted advertising and promotions (approximately \$48,000 in 2018), it does not desire to overspend and waste hotel/motel tax money on ineffective advertising or promotions. As a result, this particular restriction has created a sizable account containing what Garland calls "orphaned funds." Garland would prefer to put the orphaned funds to work in a responsible manner by using the revenue to host regional and state sporting events and upgrade sporting facilities.

The City of Garland has a robust park and trail system in which it could host regional, state, and national sporting events. However, due to falling into a higher population bracket, the City of Garland is currently prohibited from utilizing hotel/motel tax revenues to promote sporting events and upgrade sporting facilities. (Original Author's/Sponsor's Statement of Intent)

S.B. 1262 amends current law relating to the allocation of hotel occupancy tax revenue collected by certain municipalities.

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. Reenacts Section 351.101(a), Tax Code, as amended by Chapters 53 (S.B. 1365), 267 (H.B. 1896), 324 (S.B. 1488), and 785 (H.B. 2445), Acts of the 85th Legislature, Regular Session, 2017, 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 limits that use to the following:

(1)–(5) makes no changes to these subdivisions;

(6) expenses, including promotion expenses, directly related to a sporting event in which the majority of participants are tourists who substantially increase economic activity at hotels and motels within the municipality or its vicinity if:

(A)–(B) makes nonsubstantive changes to these paragraphs; or

(C) the municipality has a population of at least 200,000 and shares a border with:

(i) a municipality described by Section 351.102(e)(7) (relating to a municipality in a county with a certain size and location); and

(ii) Lake Ray Hubbard;

(7) subject to Section 351.1076 (Allocation of Revenue: Certain Municipalities), the promotion of tourism by the enhancement and upgrading of existing sports facilities or fields if:

(A) makes no changes to this paragraph;

(B) the municipality:

(i)-(viii) makes no changes to these subparagraphs;

(ix) makes a nonsubstantive change to this subparagraph;

(x) makes no changes to this subparagraph;

(xi) redesignates existing Subparagraph (x) as this subparagraph and makes a nonsubstantive change; or

(xii) is described by Subdivision (6)(C); and

(C) makes no changes to this paragraph; and

(8)–(11) makes no changes to these subdivisions.

SECTION 2. Amends Section 351.103, Tax Code, by adding Subsection (b-1) to require at least 30 percent of the hotel occupancy tax revenue collected by a municipality described by Section 351.101(a)(6)(C), notwithstanding Subsection (a) (relating to a required minimum allocation of certain funds), to be allocated for the purposes provided by Section 351.101(a)(3).

SECTION 3. Makes application of this Act prospective.

SECTION 4. Provides that, to the extent of any conflict, this Act controls over another Act of the 86th Legislature, Regular Session, 2019, relating to nonsubstantive additions to and corrections in enacted codes.

SECTION 5. Effective date: September 1, 2019.