

## **BILL ANALYSIS**

S.B. 1262  
By: Johnson  
Ways & Means  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

It has been noted that, due to certain population brackets, some municipalities are required to allocate at least 50 percent of their hotel occupancy tax revenue for advertising and promotions and are not allowed to use such revenue for other purposes, such as sporting events and facilities. It has been suggested that these restrictions may not be the most effective means to promote tourism and the convention and hotel industry for certain municipalities. S.B. 1262 seeks to address this issue by lowering the minimum amount of hotel occupancy tax revenue that an applicable city is required to allocate for advertising and promotions and authorizing the city to use the revenue for certain sporting events and upgrading existing sporting facilities.

### **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**

S.B. 1262 amends the Tax Code to include among the purposes for which revenue from the municipal hotel occupancy tax may be used to promote tourism and the convention and hotel industry:

- 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 a municipality or its vicinity for a municipality that:
  - has a population of at least 200,000; and
  - shares a border with Lake Ray Hubbard and a municipality with a population of at least 56,000 that borders Lake Ray Hubbard and is located in two counties, one of which has a population of less than 80,000; and
- the enhancement and upgrading of existing sports facilities or fields for a municipality that meets such criteria and owns the facilities or fields if the sports facilities and fields have been used, in the preceding calendar year, a combined total of more than 10 times for district, state, regional, or national sports tournaments.

S.B. 1262 requires at least 30 percent of the hotel occupancy tax revenue collected by the municipality to be allocated for advertising and conducting solicitations and promotional

programs to attract tourists and convention delegates or registrants to the municipality or its vicinity.

**EFFECTIVE DATE**

September 1, 2019.