

BILL ANALYSIS

C.S.H.B. 2172
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

In Texas, many counties impose an additional county hotel occupancy tax for the use or possession of a hotel room located in the county, the revenue of which may be used for certain purposes, such as funding a variety of projects or promoting tourism in the area. However, several of these counties are prohibited from imposing a hotel occupancy tax in relation to hotels that are also subject to a municipal hotel occupancy tax. It has been suggested that this prohibition negatively impacts counties looking to make certain repairs and improvements to county infrastructure. C.S.H.B. 2172 seeks to address this issue by authorizing certain counties to impose an additional hotel occupancy tax on hotels currently subject to a municipal hotel occupancy tax and by authorizing the use of that revenue for making repairs and improvements to the county airport.

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

C.S.H.B. 2172 amends the Tax Code to authorize a county in which an Indian reservation under jurisdiction of the U.S. government is located to impose a county hotel occupancy tax applicable to hotels located in a municipality that imposes a municipal hotel occupancy tax. The bill caps the county hotel occupancy tax rate imposed by the county at 2 percent of the price paid for a room in the hotel, the revenue of which may be used to make repairs and improvements to the county airport or to provide reimbursement for repairs and improvements to the airport. The bill sets out certain limitations regarding the use of such revenue.

EFFECTIVE DATE

September 1, 2021.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2172 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The original authorized the commissioners court of a county with a population of at least 50,000 that borders the Rio Grande River and contains a county-owned airport but does not contain an airport with regularly scheduled commercial airline flights to impose a hotel occupancy tax. The substitute instead removes the prohibition against a county in which an Indian reservation under jurisdiction of the U.S. government is located from imposing the tax on hotels located in a municipality that imposes a municipal hotel occupancy tax.

The original authorized the revenue from the county hotel occupancy tax to be used to make improvements to the airport, whereas the substitute authorizes the revenue to be used to make repairs and improvements to the county airport or to provide reimbursement for repairs and improvements to the airport.

The substitute includes the following provisions, which were absent from the original:

- a provision capping the county hotel occupancy tax rate at 2 percent of the price paid for a room in the hotel; and
- certain limitations regarding the use of such revenue.