

BILL ANALYSIS

Senate Research Center
87R14053 SMT-D

C.S.H.B. 2172
By: Morales, Eddie (Lucio)
Natural Resources & Economic Development
5/21/2021
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

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.

C.S.H.B. 2172 amends current law relating to the hotel occupancy tax imposed by certain counties and the use of revenue from that tax, and reduces the maximum rate of that tax.

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. Amends Section 352.002(d), Tax Code, as follows:

(d) Deletes existing text providing that the tax imposed by a county authorized by Subsection (a)(4) (relating to authorizing the commissioners court of a county in which there is located an Indian reservation under the jurisdiction of the United States government to impose county hotel occupancy taxes) to impose the tax does not apply to a hotel located in a municipality that imposes a tax under Chapter 351 (Municipal Hotel Occupancy Taxes) applicable to the hotel. Makes a nonsubstantive change.

SECTION 2. Amends Section 352.003, Tax Code, by adding Subsection (y) to prohibit the tax rate in a county authorized to impose the tax under Section 352.002(a)(4) from exceeding two percent of the price paid for a room in a hotel.

SECTION 3. Amends Subchapter B, Chapter 352, Tax Code, by adding Section 352.114, as follows:

Sec. 352.114. USE OF REVENUE: CERTAIN COUNTIES CONTAINING AN INDIAN RESERVATION. (a) Authorizes the revenue from a tax imposed under this chapter by a county authorized to impose the tax under Section 352.002(a)(4), in addition to the purposes authorized by Chapter 352 (County Hotel Occupancy Taxes), to be used to make repairs and improvements to the county airport or to provide reimbursement for repairs and improvements to the airport.

(b) Prohibits a county to which this section applies from using revenue from a tax imposed under this chapter for a purpose described by Subsection (a) in a total amount that would exceed the amount of hotel revenue in the county that is likely to be reasonably attributable to guests traveling through the airport during the 15-year period beginning on the date the county first uses the tax revenue for that purpose.

(c) Prohibits a county to which this section applies from using revenue from a tax imposed under this chapter for a purpose described by Subsection (a) after the 10th anniversary of the date the county first uses the revenue for that purpose.

SECTION 4. Effective date: September 1, 2021.