

BILL ANALYSIS

C.S.H.B. 3223
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Many small municipalities must think creatively when promoting tourism. Events that draw tourists to municipalities, such as festivals and concerts, are often housed in public parks. Under current law, municipal hotel occupancy tax revenue can be used for limited functions with the express purpose of directly promoting tourism and generating additional area hotel revenue. It has been suggested that allowing certain smaller municipalities to use this revenue to enhance and maintain public parks could increase tourism and in turn spur additional economic activity. C.S.H.B. 3223 seeks to extend this authority to the Cities of Buda, Dripping Springs, Early, and Fredericksburg.

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. 3223 amends the Tax Code to authorize the following municipalities to use a portion of their municipal hotel occupancy tax (HOT) revenue to promote tourism and the convention and hotel industry by enhancing and maintaining municipally owned public parks:

- a municipality that has a population of not more than 10,000, that contains an outdoor gear and sporting goods retailer with retail space larger than 175,000 square feet, and that hosts an annual wiener dog race;
- a municipality that is the county seat of a county through which the Pedernales River flows and in which the birthplace of a U.S. president is located;
- a municipality that is bisected by U.S. Highway 290 and is located in a county that is adjacent to the county in which the State Capitol is located and that has a population of more than 150,000; and
- a municipality with a population of less than 3,000 that borders the Pecan Bayou and has a visitors and events center.

C.S.H.B. 3223 regulates the use of municipal HOT revenue by those municipalities for enhancing and maintaining municipally owned public parks as follows:

- caps the amount of municipal HOT revenue that a municipality may use in a fiscal year to enhance and maintain all public parks at 10 percent of the amount of municipal HOT revenue the municipality collected during the preceding fiscal year;

- requires a municipality to make a good faith estimate of the annual amount of area hotel revenue directly attributable to tourists who visited a particular park before using municipal HOT revenue to enhance or maintain the park;
- caps the amount of municipal HOT revenue a municipality may use to enhance and maintain an individual public park at the amount of area hotel revenue in the preceding fiscal year that was directly attributable to tourists who attended events held at that park or otherwise visited that park;
- caps the amount of municipal HOT revenue that a municipality may reserve for enhancing and maintaining parks at 10 percent of municipal HOT revenue collected in a fiscal year for such use during the succeeding three fiscal years; and
- prohibits a municipality from reducing the percentage of municipal HOT revenue allocated for advertising and conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity to a percentage that is less than the average percentage of municipal HOT revenue allocated by the municipality for that purpose during the 36-month period preceding the date the municipality begins using municipal HOT revenue for enhancing and maintaining parks.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2021.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3223 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 substitute changes the municipalities to which the bill's provisions apply from any municipality with a population of less than 200,000 or with a population of less than 300,000 that contains a component institution of the Texas Tech University System, as in the original, to only the following municipalities:

- a municipality that has a population of not more than 10,000, that contains an outdoor gear and sporting goods retailer with retail space larger than 175,000 square feet, and that hosts an annual wiener dog race;
- a municipality that is the county seat of a county through which the Pedernales River flows and in which the birthplace of a U.S. president is located;
- a municipality that is bisected by U.S. Highway 290 and is located in a county that is adjacent to the county in which the State Capitol is located and that has a population of more than 150,000; and
- a municipality with a population of less than 3,000 that borders the Pecan Bayou and has a visitors and events center.