By:  Zaffirini, et al. S.B. No. 696

(Guillen)

Substitute the following for S.B. No. 696:

By:  Cole C.S.S.B. No. 696

A BILL TO BE ENTITLED

AN ACT

relating to the imposition, rate, and use of hotel occupancy taxes in certain counties and municipalities; authorizing certain counties to impose a hotel occupancy tax; reducing the maximum rate of the hotel occupancy tax imposed by certain counties.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1.  Section 351.10692, Tax Code, is amended by amending Subsections (a) and (c) and adding Subsection (e) to read as follows:

(a)  This section applies only to:

(1)  a municipality with a population of less than 2,000 located in a county that:

(A) [~~(1)~~]  is adjacent to the county in which the State Capitol is located; and

(B) [~~(2)~~]  has a population of:

(i) [~~(A)~~]  not more than 25,000; or

(ii) [~~(B)~~]  at least 100,000 but not more than 200,000;

(2)  a municipality located in a county with a total area of more than 6,000 square miles; and

(3)  a municipality located in a county with a total area of more than 3,850 square miles but less than 4,000 square miles.

(c)  A municipality that uses revenue from the municipal hotel occupancy tax for a purpose described by Subsection (b):

(1)  shall make a good-faith estimate based on reasonable documentation of [~~determine~~] the annual amount of area hotel revenue attributable to dark skies related events and activities [~~for five years after the date the municipality first uses hotel occupancy tax revenue for a purpose described by Subsection (b)~~]; and

(2)  may not spend municipal hotel occupancy tax revenue for the purposes described by Subsection (b) in an annual [~~a total~~] amount that exceeds the amount determined under Subdivision (1).

(e)  A municipality that uses municipal hotel occupancy tax revenue under this section may not reduce the percentage of revenue from that tax allocated for a purpose described by Section 351.101(a)(3) to a percentage that is less than the average percentage of the revenue from that tax allocated by the municipality for the purpose described by Section 351.101(a)(3) during the 36-month period preceding the date the municipality begins using revenue for a purpose described by this section.

SECTION 2.  Section 352.002, Tax Code, is amended by amending Subsection (d) and adding Subsection (bb) to read as follows:

(d)  The tax imposed by a county authorized by Subsection (a)(6) [~~(a)(4), (6)~~], (8), (9), (10), (11), (14), (15), (17), (19), (20), (21), (23), or (29) to impose the tax does not apply to a hotel located in a municipality that imposes a tax under Chapter 351 applicable to the hotel. This subsection does not apply to:

(1)  a county authorized by Subsection (a)(6) to impose the tax that:

(A)  has a population of less than 40,000 and adjoins the most populous county in this state; or

(B)  has a population of more than 200,000 and borders the Neches River; or

(2)  a county authorized by Subsection (a)(9) to impose the tax that has a population of more than 9,000.

(bb)  The commissioners court of a county with a population of less than 60,000 in which an annual strawberry festival is held in a location that is not the county seat of the county may impose a tax as provided by Subsection (a).

SECTION 3.  Section 352.003, Tax Code, is amended by adding Subsections (y) and (z) to read as follows:

(y)  The tax rate in a county authorized to impose the tax under Section 352.002(a)(4) may not exceed two percent of the price paid for a room in a hotel.

(z)  The tax rate in a county authorized to impose the tax under Section 352.002(bb) may not exceed two percent of the price paid for a room in a hotel.

SECTION 4.  Section 352.102, Tax Code, is amended by amending Subsection (c) and adding Subsection (d) to read as follows:

(c)  A county that borders the Republic of Mexico and that is further described by Section 352.002(a)(14):

(1)  shall use at least one-third of the revenue collected each fiscal year from the tax imposed under this chapter for the purposes authorized by this chapter in unincorporated areas of the county; and

(2)  may use revenue from the tax imposed under this chapter in the same manner that a municipality to which Section 351.10692 applies may use revenue from the municipal hotel occupancy tax under that section.

(d)  A county that borders the United Mexican States and that is further described by Section 352.002(a)(7) may use revenue from the tax imposed under this chapter in the same manner that a municipality to which Section 351.10692 applies may use revenue from the municipal hotel occupancy tax under that section.

SECTION 5.  Subchapter B, Chapter 352, Tax Code, is amended by adding Sections 352.112 and 352.114 to read as follows:

Sec. 352.112.  USE OF REVENUE: CERTAIN COUNTIES HOLDING AN ANNUAL STRAWBERRY FESTIVAL. The revenue from a tax imposed under this chapter by a county authorized to impose the tax under Section 352.002(bb) may be used only for the construction, enlarging, equipping, improvement, maintenance, repairing, and operation of a civic center with an arena used for rodeos, livestock shows, and agricultural expositions to substantially enhance hotel activity and encourage tourism.

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

(b)  A county to which this section applies may not use 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)  A county to which this section applies may not use 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 6.  Section 351.1035, Tax Code, is repealed.

SECTION 7.  This Act takes effect September 1, 2021.