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

1   AN ACT

2 relating to the imposition, rate, and use of hotel occupancy taxes

3 in certain counties and municipalities; authorizing certain

4 counties to impose a hotel occupancy tax; reducing the maximum rate

5 of the hotel occupancy tax imposed by certain counties.

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

7   SECTION 1. Section 351.10692, Tax Code, is amended by

8 amending Subsections (a) and (c) and adding Subsection (e) to read

9 as follows:

10   (a) This section applies only to:

11   (1) a municipality with a population of less than

12 2,000 located in a county that:

13   (A) [(1)] is adjacent to the county in which the

14 State Capitol is located; and

15   (B) [(2)] has a population of:

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

17   (ii) [(B)] at least 100,000 but not more

18 than 200,000;

19   (2) a municipality located in a county with a total

20 area of more than 6,000 square miles; and

21   (3) a municipality located in a county with a total

22 area of more than 3,850 square miles but less than 4,000 square

23 miles.

24   (c) A municipality that uses revenue from the municipal

1

1 hotel occupancy tax for a purpose described by Subsection (b):

2   (1) shall make a good-faith estimate based on

3 reasonable documentation of [determine] the annual amount of area

4 hotel revenue attributable to dark skies related events and

5 activities [for five years after the date the municipality first

6 uses hotel occupancy tax revenue for a purpose described by

7 Subsection (b)]; and

8   (2) may not spend municipal hotel occupancy tax

9 revenue for the purposes described by Subsection (b) in an annual [a

10 total] amount that exceeds the amount determined under Subdivision

11 (1).

12   (e) A municipality that uses municipal hotel occupancy tax

13 revenue under this section may not reduce the percentage of revenue

14 from that tax allocated for a purpose described by Section

15 351.101(a)(3) to a percentage that is less than the average

16 percentage of the revenue from that tax allocated by the

17 municipality for the purpose described by Section 351.101(a)(3)

18 during the 36-month period preceding the date the municipality

19 begins using revenue for a purpose described by this section.

20   SECTION 2. Section 352.002, Tax Code, is amended by

21 amending Subsection (d) and adding Subsection (bb) to read as

22 follows:

23   (d) The tax imposed by a county authorized by Subsection

24 (a)(6) [(a)(4), (6)], (8), (9), (10), (11), (14), (15), (17), (19),

25 (20), (21), (23), or (29) to impose the tax does not apply to a hotel

26 located in a municipality that imposes a tax under Chapter 351

27 applicable to the hotel. This subsection does not apply to:

1   (1) a county authorized by Subsection (a)(6) to impose

2   the tax that:

3   (A) has a population of less than 40,000 and

4   adjoins the most populous county in this state; or

5   (B) has a population of more than 200,000 and

6   borders the Neches River; or

7   (2) a county authorized by Subsection (a)(9) to impose

8   the tax that has a population of more than 9,000.

9   (bb) The commissioners court of a county with a population

10   of less than 60,000 in which an annual strawberry festival is held

11   in a location that is not the county seat of the county may impose a

12   tax as provided by Subsection (a).

13   SECTION 3. Section 352.003, Tax Code, is amended by adding

14   Subsections (y) and (z) to read as follows:

15   (y) The tax rate in a county authorized to impose the tax

16   under Section 352.002(a)(4) may not exceed two percent of the price

17   paid for a room in a hotel.

18   (z) The tax rate in a county authorized to impose the tax

19   under Section 352.002(bb) may not exceed two percent of the price

20   paid for a room in a hotel.

21   SECTION 4. Section 352.102, Tax Code, is amended by

22   amending Subsection (c) and adding Subsection (d) to read as

23   follows:

24   (c) A county that borders the Republic of Mexico and that is

25   further described by Section 352.002(a)(14):

26   (1) shall use at least one-third of the revenue

27   collected each fiscal year from the tax imposed under this chapter

1 for the purposes authorized by this chapter in unincorporated areas

2 of the county; and

3   (2) may use revenue from the tax imposed under this

4 chapter in the same manner that a municipality to which Section

5 351.10692 applies may use revenue from the municipal hotel

6 occupancy tax under that section.

7   (d) A county that borders the United Mexican States and that

8 is further described by Section 352.002(a)(7) may use revenue from

9 the tax imposed under this chapter in the same manner that a

10 municipality to which Section 351.10692 applies may use revenue

11 from the municipal hotel occupancy tax under that section.

12   SECTION 5. Subchapter B, Chapter 352, Tax Code, is amended

13 by adding Sections 352.112 and 352.114 to read as follows:

14   Sec. 352.112. USE OF REVENUE: CERTAIN COUNTIES HOLDING AN

15 ANNUAL STRAWBERRY FESTIVAL. The revenue from a tax imposed under

16 this chapter by a county authorized to impose the tax under Section

17 352.002(bb) may be used only for the construction, enlarging,

18 equipping, improvement, maintenance, repairing, and operation of a

19 civic center with an arena used for rodeos, livestock shows, and

20 agricultural expositions to substantially enhance hotel activity

21 and encourage tourism.

22   Sec. 352.114. USE OF REVENUE: CERTAIN COUNTIES CONTAINING

23 AN INDIAN RESERVATION. (a) In addition to the purposes authorized

24 by this chapter, the revenue from a tax imposed under this chapter

25 by a county authorized to impose the tax under Section

26 352.002(a)(4) may be used to make repairs and improvements to the

27 county airport or to provide reimbursement for repairs and

4

1 improvements to the airport.

2 (b) A county to which this section applies may not use

3 revenue from a tax imposed under this chapter for a purpose

4 described by Subsection (a) in a total amount that would exceed the

5 amount of hotel revenue in the county that is likely to be

6 reasonably attributable to guests traveling through the airport

7 during the 15-year period beginning on the date the county first

8 uses the tax revenue for that purpose.

9 (c) A county to which this section applies may not use

10 revenue from a tax imposed under this chapter for a purpose

11 described by Subsection (a) after the 10th anniversary of the date

12 the county first uses the revenue for that purpose.

13 SECTION 6. Section 351.1035, Tax Code, is repealed.

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