

## **BILL ANALYSIS**

Senate Research Center

H.B. 1689  
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Natural Resources & Economic Development  
5/8/2023  
Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

In 2015, the legislature enacted a law allowing municipalities to utilize hotel occupancy tax revenue for an electronic tax administration system. While many municipalities have made use of this authority, counties are currently unable to do the same. For some counties, the cost of maintaining an electronic tax administration system with other revenue streams is overly burdensome. H.B. 1689 seeks to help alleviate this burden by authorizing counties to use a portion of their hotel occupancy tax revenue for an electronic tax administration system.

H.B. 1689 amends current law relating to the use of county hotel occupancy tax revenue for an electronic tax administration system and the reimbursement of tax collection expenses.

### **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 352.005, Tax Code, as follows:

Sec. 352.005. New heading: REIMBURSEMENT FOR EXPENSES OF TAX COLLECTION AND USE OF ELECTRONIC TAX ADMINISTRATION SYSTEM. (a) Creates this subsection from existing text. Authorizes a county to permit a person who is required to collect and pay over to the county the tax authorized by Chapter 352 (County Hotel Occupancy Taxes) to withhold not more than one percent of the amount collected and required to be reported as reimbursement to the person for the cost of collecting the tax, rather than the costs in collecting the tax.

(b) Requires a county, if the county uses revenue derived from the tax authorized by this chapter to create, maintain, operate, or administer an electronic tax administration system as authorized by Section 352.1016, to permit a person who is required to collect and pay over to the county the tax authorized by this chapter to withhold not more than one percent of the amount of the tax collected and required to be reported as reimbursement to the person for the cost of collecting the tax.

(c) Authorizes the county to provide that the reimbursement provided or required by this section be forfeited because of a failure to pay the tax authorized by this chapter or to file a report related to that tax as required by the county.

SECTION 2. Amends Subchapter B, Chapter 352, Tax Code, by adding Section 352.1016, as follows:

Sec. 352.1016. ELECTRONIC TAX ADMINISTRATION SYSTEM. (a) Authorizes a county, notwithstanding any other provision of this chapter, to spend each year not more than the lesser of two percent or \$75,000 of the revenue derived from the tax authorized by this chapter during that year for the creation, maintenance, operation, and administration of an electronic tax administration system to administer the tax authorized

by this chapter. Prohibits a county from using revenue the county is authorized to spend under this section to conduct an audit.

(b) Authorizes a county to contract with a third party to assist in the creation, maintenance, operation, or administration of an electronic tax administration system.

SECTION 3. Effective date: upon passage or September 1, 2023.