

## **BILL ANALYSIS**

H.B. 1689  
By: Murr  
Ways & Means  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

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.

### **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**

H.B. 1689 amends the Tax Code to authorize a county that imposes a hotel occupancy tax to annually spend not more than the lesser of one percent or \$75,000 of the revenue derived from the tax during that year for the creation, maintenance, operation, and administration of an electronic tax administration system to administer the tax. The bill authorizes a county to contract with a third party to assist in the system's creation, maintenance, operation, or administration and prohibits a county from using that portion of its hotel occupancy tax revenue to conduct an audit.

H.B. 1689 replaces a county's discretion to permit a person who is required to collect and pay over to the county the hotel occupancy tax revenue to withhold a maximum of one percent of the amount collected and required to be reported as reimbursement to the person for the cost of collecting the tax with a requirement for the county to do so if the county uses revenue derived from the tax to create, maintain, operate, or administer an electronic tax administration system. The bill authorizes a county to provide that the reimbursement provided or required be forfeited because of a failure to pay the tax or to file a report related to the tax as required by the county.

### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2023.