

BILL ANALYSIS

Senate Research Center
88R19893 CJD-F

H.B. 2497
By: Morrison (Huffman)
Natural Resources & Economic Development
5/8/2023
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Matagorda County and the City of Bay City (Bay City) are currently experiencing significant economic growth and have a desire to promote and expand upon the activities contributing to this growth. Bay City is seeking to invest in existing city-owned sporting facilities, as well as potentially build a new water-focused facility, which will create more opportunities for families to experience all that Matagorda County and Bay City have to offer. These additional amenities will attract tourists who will help support existing businesses, restaurants, and hotels and further expand the tax revenue available for investing back into the community. H.B. 2497 seeks to authorize Bay City to use its municipal hotel occupancy tax revenue to construct, expand, or operate recreational or sports facilities and fields owned by the municipality or another governmental entity.

H.B. 2497 amends current law relating to the use of municipal hotel occupancy tax revenue by certain municipalities.

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 Subchapter B, Chapter 351, Tax Code, by adding Section 351.10713, as follows:

Sec. 351.10713. ALLOCATION OF REVENUE FOR CONSTRUCTION, EXPANSION, AND OPERATION OF RECREATIONAL OR SPORTS FACILITIES AND FIELDS BY CERTAIN MUNICIPALITIES. (a) Provides that this section applies only to a municipality that is the county seat of a county that borders the Gulf of Mexico and through which the Colorado River flows.

(b) Authorizes a municipality to which this section applies, notwithstanding any other provision of Chapter 351 (Municipal Hotel Occupancy Taxes) and subject to Subsections (c), (d), and (e), for the purpose of promoting tourism and the convention and hotel industry, to use revenue derived from the municipal hotel occupancy tax to:

(1) construct and expand recreational or sports facilities and fields owned by the municipality or another governmental entity; and

(2) operate recreational or sports facilities and fields owned by the municipality or another governmental entity.

(c) Provides that a municipality to which this section applies that uses municipal hotel occupancy tax revenue for a purpose described by Subsection (b)(1):

(1) is required to determine the amount of municipal hotel occupancy tax revenue generated for the municipality by hotel activity attributable to the

events held at the recreational or sports facilities and fields for five years after the date the construction or expansion of the facilities and fields is complete;

(2) is prohibited from spending municipal hotel occupancy tax revenue for a purpose described by Subsection (b)(1) in a total amount that exceeds the amount of area hotel revenue attributable to the construction or expansion of the facilities and fields; and

(3) is required to reimburse from the municipality's general fund any expenditure in excess of the amount of area hotel revenue attributable to the construction or expansion of the facilities and fields to the municipality's hotel occupancy tax revenue fund.

(d) Prohibits a municipality to which this section applies from using municipal hotel occupancy tax revenue for a purpose described by Subsection (b)(2) in an amount each year that exceeds the amount of area hotel revenue in that year attributable to events held at the recreational or sports facilities and fields.

(e) Prohibits a municipality to which this section applies, if the municipality uses revenue derived from the municipal hotel occupancy tax for a purpose described by Subsection (b), from reducing the percentage of revenue from that tax allocated for a purpose described by Section 351.101(a)(3) (relating to authorizing revenue from the municipal hotel occupancy tax to be used only to promote tourism and the convention and hotel industry, and providing that that use is limited to certain actions, including 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 that revenue allocated by the municipality for that purpose during the 36-month period preceding the date the municipality begins using the revenue for a purpose described by Subsection (b).

SECTION 2. Effective date: upon passage or September 1, 2023.