

BILL ANALYSIS

C.S.H.B. 2497
By: Morrison
Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Matagorda County and the City of Bay City are currently experiencing significant economic growth and have a desire to promote and expand upon the activities contributing to this growth. Consistently rated as one of the best bird-watching areas in the country, this part of Texas is home to top-notch fishing and hunting opportunities but lacks modern recreational and sporting event facilities. 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 tourists will help support existing businesses, restaurants, and hotels and further expand the tax revenue available for investing back into the community. C.S.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.

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

C.S.H.B. 2497 amends the Tax Code to authorize a municipality that is the county seat of a county that borders the Gulf of Mexico and through which the Colorado River flows to use revenue derived from its municipal hotel occupancy tax to construct, expand, and operate recreational or sports facilities and fields owned by the municipality or another governmental entity for the purpose of promoting tourism and the convention and hotel industry. The bill prohibits the municipality, after it begins to use revenue from that tax for those purposes, from reducing the percentage of revenue from that tax allocated for 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 the construction, expansion, or operation of recreational or sports facilities and fields.

C.S.H.B. 2497 requires the municipality to determine the amount of municipal hotel occupancy tax revenue generated for the municipality by hotel activity attributable to the events held at those facilities and fields for five years after the date the construction or expansion is complete and caps the amount of hotel occupancy revenue that the municipality may spend for the

purposes of construction or expansion of the facilities and fields at the amount of area hotel revenue attributable to that construction or expansion. The bill requires the municipality to reimburse from its 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.

C.S.H.B. 2497 caps the amount of hotel occupancy tax revenue that the municipality may use for the operation of the facilities and fields each year at the amount of area hotel revenue in that year attributable to events held at the facilities and fields.

EFFECTIVE DATE

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

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 2497 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

Whereas the introduced authorized an applicable municipality to use its hotel occupancy tax revenue to construct, expand, or operate recreational or sports facilities and fields owned by the municipality, the substitute expands the scope of this authorization to allow also for this revenue to be spent to construct, expand, and operate such facilities and fields owned by another governmental entity.

The substitute includes provisions absent from the introduced establishing limitations on the amount of municipal hotel occupancy tax revenue that the municipality may use for purposes of such construction, expansion, and operation and a related reimbursement requirement. The substitute also includes a provision absent from the introduced limiting the municipality's authority to reduce the allocation of revenue from that tax for use in conducting advertising and solicitation programs to attract tourists and convention delegates or registrants to the municipality or its vicinity.