

BILL ANALYSIS

C.S.H.B. 5105
By: Stucky
Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

While municipalities have blanket authority to impose a hotel occupancy tax, counties do not. Instead, the Texas Legislature must authorize a particular county to do so, with the revenue from this tax largely being used for the purpose of promoting tourism and local attractions. C.S.H.B. 5105 seeks to grant this authority to Denton County and to restrict the use of this additional revenue to the development, construction, maintenance, operation, improvement, and marketing and promotion of a qualifying multipurpose sports and event complex.

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. 5105 amends the Tax Code to authorize the commissioners court of a county with a population of more than 650,000 that is adjacent to two counties, each having a population of more than 1.8 million, to impose a county hotel occupancy tax at a rate capped at two percent of the price paid for a room in a hotel. The bill makes the tax inapplicable to a hotel that is located within a 2.5-mile radius of the intersection of the Dallas North Tollway and U.S. Highway 380. The bill restricts the county's use of the revenue from this tax to the development, construction, maintenance, operation, improvement, and marketing and promotion of a multipurpose sports and event complex that will substantially increase regional sporting and other events that produce supplemental economic activity at hotels in the county. The bill requires the county to finance at least 40 percent of the annual maintenance and operation costs for the multipurpose sports and event complex from revenue other than revenue attributable to the hotel occupancy tax imposed by the county.

C.S.H.B. 5105 requires the county to establish a project functionality and marketing advisory committee and requires the county commissioners court to appoint members to the committee. The bill requires that the committee consist of at least nine and not more than 14 members, at least seven of whom must be hotel owners or operators or destination marketing organization representatives from municipalities in which the county imposes the hotel occupancy tax. The bill requires the committee to review and make quarterly recommendations to the county on ways to maximize the functionality and marketing of the multipurpose sports and event complex.

EFFECTIVE DATE

September 1, 2023.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 5105 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.

The substitute includes a provision not in the introduced making the county hotel occupancy tax inapplicable to a hotel that is located within a 2.5-mile radius of the intersection of the Dallas North Tollway and U.S. Highway 380. The substitute omits the provision in the introduced prohibiting the tax from being imposed on an applicable hotel project that is located within 1,000 feet of a convention center and that resides on a contiguous property in more than one county.

Whereas the introduced restricted the county's use of its hotel occupancy tax revenue to the development, construction, maintenance, and improvement of multipurpose facilities to enhance hotel activity and encourage tourism, the substitute restricts the county's use of that revenue to the development, construction, maintenance, operation, improvement, and marketing and promotion of a multipurpose sports and event complex that will substantially increase regional sporting and other events that produce supplemental economic activity at hotels in the county. The substitute includes a provision not in the introduced requiring the county to finance at least 40 percent of the annual maintenance and operation costs for the multipurpose sports and event complex from revenue other than revenue attributable to the county's hotel occupancy tax and includes additional provisions not in the introduced relating to the establishment and the duties of a project functionality and marketing advisory committee.