

BILL ANALYSIS

C.S.H.B. 3118
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The bill author has informed the committee that only municipalities meeting specific population and geographic criteria can currently use hotel occupancy tax revenue for tourism-related projects, which excludes some growing communities in Travis County, and that these excluded municipalities consequently face challenges in promoting local events, enhancing visitor attractions, and improving infrastructure to support tourism. C.S.H.B. 3118 seeks to help these municipalities boost their local economies, attract more visitors, and better support tourism development by extending the authorization for municipalities to use hotel occupancy tax revenue for certain purposes to a municipality that has a population of at least 9,000, is wholly located in a county in which the State Capitol is located, and is adjacent to or bisected by State Highway 71.

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. 3118 amends the Tax Code to authorize a municipality that has a population of at least 9,000, is wholly located in a county in which the State Capitol is located, and is adjacent to or bisected by State Highway 71 to do the following:

- use municipal hotel occupancy tax revenue for expenses, including promotion expenses, directly related to a sporting event in which the majority of participants are tourists who substantially increase economic activity at hotels and motels within the municipality or its vicinity; and
- use revenue derived from the municipal hotel occupancy tax for constructing, enlarging, equipping, improving, maintaining, repairing, and operating a recreational facility or an arena used for rodeos, livestock shows, and agricultural expositions to substantially enhance hotel activity and encourage tourism.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2025.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 3118 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 changes the applicability of its provisions from a municipality that has a population of at least 19,000 and is wholly located in a county in which the State Capitol is located, as in the introduced, to a municipality that has a population of at least 9,000, is wholly located in a county in which the State Capitol is located, and is adjacent to or bisected by State Highway 71.