

BILL ANALYSIS

C.S.H.B. 1494
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties suggest that certain municipalities should be able to use a certain amount of municipal hotel occupancy tax revenue on the encouragement, promotion, improvement, and application of the arts to further develop cultural arts programs and activities, which in turn will increase tourism and tax revenue. C.S.H.B. 1494 seeks to allow certain municipalities to use some of that tax revenue to further develop cultural arts programs and activities.

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. 1494 amends the Tax Code to authorize a municipality a portion of which is designated as a cultural arts district and that is the county seat of a county that borders the Gulf of Mexico, that has a population of less than 50,000, and that includes a state park and a national wildlife refuge to use not more than 30 percent of the revenue derived from the municipal hotel occupancy tax for the encouragement, promotion, improvement, and application of the arts, including instrumental and vocal music, dance, drama, folk art, creative writing, architecture, design and allied fields, painting, sculpture, photography, graphic and craft arts, motion pictures, radio, television, tape and sound recording, and other arts related to the presentation, performance, execution, and exhibition of these major art forms. The bill prohibits such a municipality that spends more than 15 percent of the hotel occupancy tax revenue collected by the municipality in a fiscal year for those purposes from, in that fiscal year, reducing the percentage of hotel occupancy tax revenue that the municipality spends for the purpose of 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 hotel occupancy tax revenue spent by the municipality for that purpose during the 36-month period preceding that fiscal year and requires the municipality to determine for that fiscal year the increase in the amount of hotel revenue that is attributable to that expenditure and the total amount of hotel occupancy tax revenue spent by the municipality for the encouragement, promotion, improvement, and application of the arts.

C.S.H.B. 1494 requires the municipality, if the increase in the amount of hotel revenue that is attributable to the expenditure of hotel occupancy tax revenue for the encouragement, promotion, improvement, and application of the arts is less than the total amount of hotel occupancy tax revenue spent by the municipality for that purpose, to reimburse the municipality's hotel

occupancy tax revenue fund from the municipality's general fund an amount equal to 50 percent of the difference between those determined amounts.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2017.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 1494 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Subchapter B, Chapter 351, Tax Code, is amended by adding Section 351.1075 to read as follows:

Sec. 351.1075. ALLOCATION OF REVENUE FOR THE ARTS BY CERTAIN MUNICIPALITIES. (a) This section applies only to a municipality

that is the county seat of a county:

- (1) described by Section 352.002(a)(6);
- (2) with a population of less than 30,000;
- and
- (3) that includes a state park and a national wildlife refuge.

(b) Notwithstanding any other provision of this chapter,

a municipality to which this section applies may use all or any portion of the revenue derived from the municipal hotel occupancy tax for the purposes provided by Section 351.101(a)(4).

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Subchapter B, Chapter 351, Tax Code, is amended by adding Section 351.1075 to read as follows:

Sec. 351.1075. ALLOCATION OF REVENUE FOR THE ARTS BY CERTAIN MUNICIPALITIES. (a) This section applies only to a municipality:

- (1) a portion of which is designated as a cultural arts district; and
- (2) that is the county seat of a county:
 - (A) described by Section 352.002(a)(6);
 - (B) with a population of less than 50,000;
 - and
 - (C) that includes a state park and a national wildlife refuge.

(b) Notwithstanding any other provision of this chapter and subject to Subsection (c)(1), a municipality to which this section applies may use not more than 30 percent of the revenue derived from the municipal hotel occupancy tax for the purposes provided by Section 351.101(a)(4).

(c) A municipality to which this section applies that spends more than 15 percent of the hotel occupancy tax revenue collected by the municipality in a fiscal year for the purposes provided by Section 351.101(a)(4):

- (1) may not in that fiscal year reduce the percentage of hotel occupancy tax revenue that the municipality spends for the purposes described by Section 351.101(a)(3) to a percentage that is less than the average percentage of hotel occupancy tax revenue spent by the municipality for those purposes during the 36-month period preceding that fiscal year; and

- (2) shall determine for that fiscal year:
 - (A) the increase in the amount of hotel revenue that is attributable to that expenditure; and

(B) the total amount of hotel occupancy tax revenue spent by the municipality for the purposes provided by Section 351.101(a)(4).
(d) If the amount of money determined under Subsection (c)(2)(A) is less than the amount of money determined under Subsection (c)(2)(B), the municipality shall reimburse the municipality's hotel occupancy tax revenue fund from the municipality's general fund an amount equal to 50 percent of the difference between those determined amounts.

SECTION 2. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2017.

SECTION 2. Same as introduced version.