

- SUBJECT:** Using hotel occupancy tax to promote sporting events in larger counties
- COMMITTEE:** Local Government Ways and Means — committee substitute recommended
- VOTE:** 7 ayes — Hill, Hegar, Laubenberg, McReynolds, Mowery, Puente, Quintanilla
0 nays
- WITNESSES:** For — Charlie Dromgoole, Round Rock Chamber of Commerce; Carrie Pitt, City of Round Rock
Against — None
- BACKGROUND:** Tax Code, sec. 351.002 permits municipalities to impose a tax on those who pay for lodging at a hotel. Sec. 351.101(a) limits the use of money collected through the hotel tax to promoting tourism and the convention and hotel industries, including sec. 351.101(a)(6) that permits a municipality in a county with a population of 65,000 or fewer to use hotel tax revenues to promote a sporting event where a majority of participants are tourists.
- DIGEST:** CSHB 2961 would amend Tax Code, sec. 351.101(a)(6) to allow a municipality located in a county with a population of 250,000 or fewer to use hotel tax revenues to promote a sporting event where a majority of participants were tourists.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2003.
- SUPPORTERS SAY:** CSHB 2961 would grant municipalities in larger counties the same authority already extended to those in smaller counties to promote sporting events, while keeping in place the restrictive uses on hotel occupancy taxes. The bill would allow cities such as Round Rock to advertise and promote such events as high school baseball or youth softball tournaments or marathons and other running events. Such events attract thousands of participants and spectators from throughout the state, and those visitors spend millions of dollars on

lodging, meals, souvenirs and other related expenses. Attracting these events can be very competitive, and cities in larger counties should have the ability to use hotel occupancy taxes for advertising and promotion.

**OPPONENTS
SAY:**

Municipalities in all counties should have the authority to use hotel occupancy taxes to promote these sporting events. Youth tournaments and running events also help draw visitors to even larger cities such as Houston, Dallas, Fort Worth, Austin, and Corpus Christi.

NOTES:

The committee substitute differs from the bill as introduced by conforming it to Texas Legislative Council drafting style.