

SUBJECT: Expanding municipal hotel occupancy tax revenue for sports attractions

COMMITTEE: Local Government Ways and Means — committee substitute recommended

VOTE: 7 ayes — Hill, Hamilton, Elkins, Laubenberg, Puente, Quintanilla, Uresti
0 nays

WITNESSES: For — Terri Ricketts, McKinney Chamber of Commerce-Tourism Service
Against — None

BACKGROUND: Under Tax Code, ch. 351, a municipality located in a county with a population of 290,000 or less may apply its hotel occupancy tax revenue toward promotion of local sporting events that attract substantial tourism to further increase the revenue.

DIGEST: CSHB 3173 would amend chapter 351 to allow municipalities located in counties with populations of 1,000,000 or less to fund sporting related events with their hotel occupancy tax revenue.

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, 2005.

SUPPORTERS SAY: CSHB 3173 would help cities like McKinney, which has many indoor sports facilities and outdoor venues set among the city's greenbelts, parks, and natural landscape, to use its hotel occupancy tax for promoting overnight visitors and generating public and private investments for its facilities infrastructure. As participation in sporting events held at these venues has grown, so has tourism and the hotel industry. Sharing the occupancy tax revenue would be mutually beneficial to the city and the industry.

Changing this population qualification would allow nine more counties to apply hotel occupancy tax revenue toward sports facilities.

OPPONENTS
SAY:

CSHB 3173 unfairly would support one particular recreational attraction over all others. Other recreational tourist attractions equally should be supported. By funding one segment of recreation, others would be disadvantaged when competing for public and private investments. While the bill would help lure sports-oriented tourists, it could contribute to the decline of investments in other recreational opportunities, such as cultural and arts attractions.

Sporting events already have an optional source of funding under the economic development corporation sales tax, whereas arts and historical segments have more limited funding. Research also shows that more tourists attend cultural events than sporting events.

NOTES:

The substitute included unamended sections of chapter 351.