

- SUBJECT:** Authorizing certain counties to impose a 7 percent hotel occupancy tax
- COMMITTEE:** Local Government Ways and Means — favorable, without amendment
- VOTE:** 6 ayes — Hill, Creighton, C. Howard, Puente, Quintanilla, Villarreal  
0 nays  
1 absent — Elkins
- WITNESSES:** For — Melinda Crow and Nancy H. Parker, Lake Whitney Board of Tourism, Lake Whitney Chamber of Commerce; (*Registered, but did not testify*: Ron Hinkle, Texas Association of Campground Owners; Scott Joslove, Texas Hotel and Lodging Association)  
  
Against — None
- BACKGROUND:** Tax Code, ch. 352 permits certain counties to levy a county hotel occupancy tax to promote tourism and the convention and hotel industry. Unless otherwise specified in sec. 352.003, the maximum tax rate that may be charged is 7 percent of the price paid for a hotel room.
- DIGEST:** HB 1216 would authorize counties bordering Lake Whitney (Bosque, Hill, and Johnson counties) to impose a hotel occupancy tax. The tax would not apply to any hotel in the county that was subject to a municipal hotel tax. The revenue from the tax would be limited to use for tourism promotion in unincorporated areas of the counties.  
  
This 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, 2007.
- SUPPORTERS SAY:** HB 1216 would promote economic development and tourism in the area around Lake Whitney, recognized by the Legislature as the “Getaway Capital of Texas” with the adoption of HCR 154 by the 79th Legislature in 2005. This bill would enable the unincorporated areas to impose a tax that municipalities within the counties already can, and it would dedicate that revenue for tourism promotion around Lake Whitney.

The bill enjoys the support of the Lake Whitney Chamber of Commerce and Board of Tourism because it would enable businesses in the area to expand and employ more people. The 955-acre Lake Whitney State Park is a nationally recognized spot for bass fishing that already draws droves of tourists, and HB 1216 would enable the unincorporated areas of the counties to benefit from these visitors. Because of the geography of the area, the lake is 20 miles from the nearest city, which imposes a hotel tax but does not use revenue on tourism promotion for Lake Whitney.

The tax imposed would be capped at 7 percent, and although this would increase the cost of a night's stay in the unincorporated areas of these counties, it is unlikely the tax itself would deter people from visiting Lake Whitney.

**OPPONENTS  
SAY:**

HB 1216 would lead to increased costs for hotel occupants in unincorporated areas of Bosque, Hill, and Johnson counties. Although the increase would be small on a per night basis, the aggregate increase for an extended stay guest could be significant.

**OTHER  
OPPONENTS  
SAY:**

This bill should be amended to clarify that the hotel occupancy tax would be applicable to only Hill and Bosque counties as intended. As written, Johnson County also would be authorized to establish a hotel occupancy tax up to 7 percent because it borders the Brazos River arm of the northern portion of Lake Whitney.

**NOTES:**

The Legislative Budget Board estimates the bill would have no state impact but would result tax revenue increases of \$255,000, \$1.2 million, and \$897,000 in Bosque, Hill, and Johnson counties, respectively, for fiscal 2008-09, if the counties approved the tax.