

- SUBJECT:** Authorizing Brazos County to impose a 2 percent hotel occupancy tax
- COMMITTEE:** Local Government Ways and Means — committee substitute recommended
- VOTE:** 7 ayes — Hill, Creighton, Elkins, C. Howard, Puente, Quintanilla, Villarreal  
0 nays
- WITNESSES:** For — Scott Joslove, Texas Hotel and Lodging Association; Randy Sims, Brazos County Commissioners Court. (*Registered, but did not testify:* Chris Scotti, College Station City Councilman).  
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. The revenue can be spent for salaries, supplies, travel expenses, office rental and certain administrative costs, provided the expenses are incurred while enhancing or promoting tourism and the convention and hotel industry. Unless otherwise specified, the maximum tax rate for a county hotel occupancy tax is 7 percent.
- DIGEST:** CSHB 3132 would authorize a county with a population greater than 150,000 and bordered by the Brazos and Navasota rivers (Brazos County) to impose a hotel occupancy tax that would be capped at 2 percent.  
The bill would add Tax Code, sec. 352.1034 to specify that if the county imposed this tax, it would be required to:
- spend at least 45 percent of the revenue generated on marketing projects that directly promote tourism and hotel and convention activity;
  - produce an annual report detailing business attributable to events held at facilities receiving the tax revenue; and
  - create an advisory committee with at least two representatives from the hotel industry to monitor revenue expenditure.

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, 2007. The 2 percent tax and provisions governing its expenditure would expire September 1, 2015.

**SUPPORTERS  
SAY:**

CSHB 3132 would help Brazos County promote its new expo center, which is expected to open later this year and attract different people than those reached through current tourism marketing efforts.

In 2000, Brazos County voters approved a ballot measure allowing the county to sell \$18.5 million in general revenue bonds to be used to build a county exposition center. The Brazos County Exposition Center is expected to open by the end of this year and will feature an arena that will host rodeos and livestock shows, a pavilion with concession stands, and an exhibit hall for meetings and trade shows. The money from this additional tax would be used to reach visitors, such as those in the agricultural community, not typically reached through promotion efforts of the Bryan/College Station Convention and Visitors Bureau.

CSHB 3132 is the result of a compromise between the county and the local hotel and motel association and would provide several mechanisms to ensure the tax was being spent properly and efficiently. Provisions for an annual report and an expiration date for the tax would protect against wasted taxpayer money. Allowing the tax to sunset also would ensure the tax would not continue indefinitely.

The tax imposed would be capped at 2 percent, and although this would increase the cost of a night's stay in Brazos County, it is unlikely the tax itself would deter people from visiting the area.

**OPPONENTS  
SAY:**

CSHB 3132 would lead to increased costs for hotel occupants in Brazos County. Although the increase would be small on a per night basis, the aggregate increase for an extended stay guest could be significant.

**NOTES:**

The Legislative Budget Board estimates the imposition of a 2 percent hotel occupancy tax in Brazos County would generate \$1.9 million in additional revenue in fiscal 2008-09.

The committee substitute added a provision that would sunset the tax after eight years and requirements for the county if it were to impose the tax.