

SUBJECT: Authorizing Robertson County to impose a 7 percent hotel occupancy tax

COMMITTEE: Local Government Ways and Means — favorable, without amendment

VOTE: 7 ayes — Hill, Creighton, Elkins, C. Howard, Puente, Quintanilla, Villarreal
0 nays

WITNESSES: For — Jan A. Roe, Robertson County
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 3660 would create Tax Code, sec. 352.0021 allowing a county with a population of 20,000 or less that was bordered by the Brazos and Navasota rivers (Robertson County) to impose a hotel occupancy tax not to exceed 7 percent of the price paid for a room. The tax would not be imposed on a person staying in the hotel for at least 30 consecutive days under sec. 156.101.

If the commissioners court of a county eligible under this section adopted an order or resolution to impose the tax and set a rate, the county's registered voters would decide through an election whether to approve the adopted tax rate. The election would be held at least 30 days but no more than 90 days after the date on which the commissioners court adopted the tax rate. The date would not be subject to uniform election dates specified under Election Code, sec. 41.001.

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.

**SUPPORTERS
SAY:**

CSHB 2297 would help Robertson County preserve and restore its historic attractions and respond to needs created by expected expansion. The county has a long list of historical projects in an area with more than 75 Texas Historical Commission markers. Although Franklin, the county seat, and Hearne, the largest town in the county, both impose a 7 percent hotel occupancy tax, they are not expected to use their revenues on restoring historic sites elsewhere in the county. A hotel occupancy tax also would take advantage of the anticipated surge in visitors from oil and gas exploration and production crews, highway contractors, and the possible construction of two new power plants.

The tax imposed would be capped at 7 percent, and although this would increase the cost of a night's stay in Robertson County, it is unlikely the tax would deter people from visiting the area.

**OPPONENTS
SAY:**

HB 3660 would lead to increased costs for hotel occupants in Robertson 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 that the imposition of a 7 percent hotel occupancy tax in Robertson County would generate \$273,000 in revenue in fiscal 2008-09.