

SUBJECT: Permitting use of hotel occupancy taxes to promote ecological tourism

COMMITTEE: Ways and Means — favorable, without amendment

VOTE: 10 ayes — Oliveira, Otto, Bohac, Hartnett, Hilderbran, C. Howard, P. King, Paxton, Taylor, Villarreal

0 nays

1 absent — Pena

WITNESSES: For — Alita Bagley, Town of South Padre Island; Justin Bragiel, Texas Hotel and Lodging Association; (*Registered, but did not testify*: Chris Boswell, Mayor, City of Harlingen; Rudy Garza, City of Corpus Christi; Courtney Hayden, Town of South Padre Island; Dan Quandt, South Padre Island Convention and Visitors Bureau; Cyrus Reed, Lone Star Chapter, Sierra Club)

Against — None

On — Roger Hanagriff, Texas A&M Kingsville

BACKGROUND: Tax Code, ch. 351 permits the use of revenue from municipal hotel occupancy taxes to promote tourism and the convention and hotel industry. Tax Code, sec. 351.101 (a) limits the type of tourism, convention, artistic, and sports events and facilities that are eligible for funding by the municipal hotel occupancy tax receipts.

DIGEST: HB 656 would amend Tax Code, sec. 351.101 (a) to add promoting and holding an ecological tourism event as an item eligible to receive hotel occupancy tax funding. An ecological tourism event would include traveling to an area of natural or ecological interest to observe and learn about the wildlife and the area's natural environment.

HB 656 would require that an ecological tourism event have tourists as a majority of participants and substantially increase economic activity at hotels and motels in the vicinity of the municipality.

No more than 15 percent of the hotel occupancy tax collected, or one percent of the cost of the room, whichever was greater, could go toward ecotourism promotion.

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, 2009.

**SUPPORTERS
SAY:**

HB 656 would authorize cities to promote and host ecotourism events and capitalize on one of the fastest growing tourism markets. Tourism already is a \$57 billion industry for the state and employs more than one million people. Ecotourism destinations range from the beaches of South Padre Island to wildlife refuges in the Panhandle. Texas already is the number one bird-watching destination state or province in North America, and the Rio Grande Valley is considered the number two bird-watching destination. In addition to the many bird species, nature watchers follow the flight of butterflies and bats. The hotel occupancy tax would be an appropriate revenue source to publicize efforts that promote the economic vitality of Texas and preserve the environment for future generations.

HB 656 would provide adequate safeguards on the use of the money for ecological tourism events and require that they attract tourists to the area. It also would provide a limit on allocation of hotel occupancy revenue for this purpose to 15 percent.

The bill would grant an expansive, but very usable, standard for defining an ecological tourism event. The funding could be used for a hunting competition as well as a butterfly watching festival. Even within the tourism industry, there is no accepted definition for ecotourism or nature-based tourism.

**OPPONENTS
SAY:**

HB 656 would expand eligible uses for a limited source of revenue. What was once dedicated for convention centers now can be tapped to fund sporting venues. Much like the definition of historic and cultural events, the bill would add another ill-defined category in the statute.

NOTES:

The companion bill, SB 2388 by Lucio, has been referred to the Senate Economic Development Committee.