

- SUBJECT:** Capping the combined hotel occupancy tax rate
- COMMITTEE:** Ways and Means — favorable, without amendment
- VOTE:** 8 ayes — Hilderbran, Otto, Bohac, Button, Eiland, N. Gonzalez, Ritter, Strama
- 0 nays
- 1 absent — Martinez Fischer
- WITNESSES:** For — (*Registered, but did not testify:* Roxana Gonzalez; Bill Hammond, Texas Association of Business; Ron Hinkle, Texas Travel Industry Association; Michelle Jones; Scott Joslove, Texas Hotel and Lodging Association; Annie Mahoney, Texas Conservative Coalition; Nayana Nancy Patel; Paul Patel; Vinod Patel)
- Against — None
- BACKGROUND:** Local Government Code, ch. 344 and 345 allow counties, municipalities, and venue districts to impose a hotel-motel occupancy tax to fund the development of a venue project after receiving approval from voters. A venue is an arena, convention center, municipal park, recreation system or other facility as defined by sec. 334.001. The state, counties, and municipalities currently may impose a hotel occupancy tax.
- DIGEST:** HB 1908 would prohibit a municipality or county from proposing a hotel-motel occupancy tax rate that would cause the combined hotel-motel occupancy tax rate imposed by all sources to exceed 17 percent of the price paid for hotel room. The bill would require propositions that increased the occupancy tax for venue projects to include what the maximum combined occupancy tax rate imposed from all sources would be in the ballot language. The bill also would change the definition of convention center under the venue definition to use convention center facility as defined by the Tax Code.
- HB 1908 would take effect September 1, 2013.

**SUPPORTERS
SAY:**

Texas hotel-motel occupancy tax rates are some of the highest in the country. After the state, city, and county impose their taxes, visitors end up paying 13 percent, 15 percent, and even 17 percent more when staying at a hotel or motel in Texas. This substantially increases hotel prices for visitors and harms the state's ability to compete for convention and tourism business. HB 1908 would cap all combined hotel-motel occupancy tax rates at 17 percent. Without this cap, Texas could see hotel tax rates reach 19 percent or more. This bill still would allow for flexibility in setting hotel-motel occupancy tax rates but would provide a reasonable cap to keep Texas competitive. In addition, HB 1908 would require the ballot language for certain hotel occupancy tax elections to declare what the combined hotel-motel tax rate would be if voters approved the proposition. This language would inform voters about the actual tax hotel and motel customers pay before voting. HB 1908 would maintain flexibility for municipalities and counties but ensure that Texas maintained competitiveness in the tourism and convention business.

**OPPONENTS
SAY:**

HB 1908 would limit the authority of Texas municipalities and counties to increase their own lodging occupancy tax rates. Current law already sets caps for each county and municipality's occupancy tax, so there is no need to artificially cap their combined tax rate. Because current hotel-motel tax caps for most Texas areas are below the proposed cap, HB 1908 would unnecessarily single out a few areas within the state that currently have the ability to surpass the proposed cap.