

SUBJECT: Allowing Odessa to build a sports facility with hotel occupancy tax funds

COMMITTEE: Ways and Means — committee substitute recommended

VOTE: 9 ayes — Burrows, Guillen, Bohac, Cole, Martinez Fischer, Murphy,
Noble, E. Rodriguez, Wray

0 nays

2 absent — Sanford, Shaheen

SENATE VOTE: On final passage, April 17 — 28-3 (Bettencourt, Hall, Hughes), on Local
and Uncontested Calendar

WITNESSES: For — Scott Joslove, Texas Hotel Association; (*Registered, but did not
testify*: David Turner, City of Odessa; Ed Lasater)

Against — None

BACKGROUND: Tax Code sec. 351.002 allows municipalities to impose a hotel occupancy
tax. Sec. 351.101 limits the uses of the revenue from that tax to the
promotion of tourism and the convention and hotel industry, and allows
such revenue to be used for advertising, solicitations, and promotional
programs designed to attract tourists and convention attendees.

DIGEST: CSSB 1393 would allow a municipality with a population of at least
95,000 in which the main campus of a component university of the
University of Texas System was located, and that was located in a county
with a population of not more than 140,000 (Odessa) to use revenue
derived from the hotel occupancy tax to construct and maintain a sports
facility and multipurpose convocation center on land owned by the state
university if the municipality leased the land from the university for at
least 25 years. The facility would have to be capable of hosting
intercollegiate athletic events.

A municipality that used its hotel occupancy tax revenue for such a

purpose would have to:

- determine the amount of area hotel revenue attributable to the sports events held at the facility and convocation center for seven years after the date the city first used hotel occupancy tax revenue for the construction and maintenance of the facility and convocation center; and
- reimburse from its general fund to its hotel occupancy tax revenue fund any hotel occupancy tax revenue expended on the facility and convocation center that was in excess of the amount attributable to events held at the facility and convocation center.

During this seven-year period, the municipality could not reduce the percentage of its hotel occupancy tax revenue allocated to advertising, solicitations, and promotional programs designed to attract tourists and convention attendees to less than the average percentage of that revenue allocated to the same purpose over the 36-month period prior to the beginning of the seven-year period.

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, 2019.