

## **BILL ANALYSIS**

Senate Research Center  
78R17444 SMJ-D

C.S.H.B. 2718  
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Intergovernmental Relations  
5/22/2003  
Committee Report (Substituted)

### **DIGEST AND PURPOSE**

Currently, the Texas Tax Code allows for coastal municipalities to levy and collect a hotel occupancy tax at a rate of seven percent and to pledge at least one percent of that revenue to either or both the payment of bonds issued for the establishment, acquisition, purchase, construction, improvement, enlargement, maintenance, or operation of facilities that serve the purpose of attracting visitors and tourists. However, this form of occupancy taxing is not available to home-rule municipalities adjacent to bays. C.S.H.B. 2718 allows home-rule municipalities adjacent to a bay of this state, with a population less than 80,000, to allocate revenues for items that are currently allowable for eligible coastal communities and requires a municipality that uses revenue from the tax imposed to spend the same amount of revenue for the same purpose from a source other than that tax.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subchapter B, Chapter 351, Tax Code, by adding Section 351.104, as follows:

Sec. 351.104. ALLOCATION OF REVENUE: CERTAIN MUNICIPALITIES BORDERING BAYS. (a) Provides that this section applies only to a home-rule municipality that borders a bay, that has a population of less than 80,000, and that is not an eligible coastal municipality.

(b) Defines “adjacent public land” and “clean and maintain.”

(c) Prohibits a municipality to which this section applies, notwithstanding any other provision of this chapter and subject to Subsections (d) and (e), from using more than 10 percent of the revenue derived from the tax imposed under this chapter for certain purposes.

(d) Prohibits a municipality to which this section applies from reducing the amount of revenue that it uses for a purpose described by Section 351.101(a)(3) to an amount that is less than the average amount of revenue used by the municipality for that purpose during the 36-month period that precedes the municipality’s use of revenue under Subsection (c).

(e) Requires a municipality that uses revenue from the tax imposed under this chapter for a purpose provided by this section to spend the same amount of revenue for the same purpose from a source other than that tax.

SECTION 2. Effective date: September 1, 2003.