

BILL ANALYSIS

Senate Research Center

H.B. 2961
By: Krusee (Armbrister)
Intergovernmental Relations
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Engrossed

DIGEST AND PURPOSE

The 77th Legislature enacted S.B. 1315, which extended the authorized use of the municipal hotel occupancy tax to the expenses associated with sporting events in which the majority of participants are tourists who substantially increase economic activity at hotels and motels within the municipality or its vicinity in a municipality located in a county with a population of 65,000 or less. H.B. 2961 amends the Tax Code to allow more municipalities to participate by raising the population from 65,000 to 250,000.

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 Section 351.101(a), Tax Code, to provide that revenue from the municipal hotel occupancy tax may be used only to promote tourism and the convention and hotel industry, and that use is limited to certain purposes, including for a municipality located in a county with a population of 250,000, rather than 65,000, or less, expenses, including promotion expenses, directly related to a sporting event in which the majority of participants are tourists who substantially increase economic activity at hotels and motels within the municipality or its vicinity.

SECTION 2. Amends Subchapter B, Chapter 351, Tax Code, by adding Section 351.1035, as follows:

Sec. 351.1035. ALLOCATION OF REVENUE: CERTAIN MUNICIPALITIES IN BORDER COUNTIES. (a) Provides that this section applies only to a municipality that is the largest municipality in a county described by Section 352.002(a)(14) (a county bordering Mexico and with a national park).

(b) Requires at least 50 percent of the hotel occupancy tax revenue collected by a municipality described by Subsection (a) to be allocated for the purposes provided by Section 351.101(a)(3) (advertising and conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity).

(c) Provides that not more than 15 percent of the hotel occupancy tax revenue collected by a municipality described by Subsection (a) may be used for the purposes provided by Section 351.101(a)(4) (the encouragement, promotion, improvement, and application of the arts, including instrumental and vocal music, dance, drama, folk art, creative writing, architecture, design and allied fields, painting, sculpture, photography, graphic and craft arts, motion pictures, radio, television, tape and sound recording, and other arts related to the presentation, performance, execution, and exhibition of these major art forms).

(d) Provides that not more than 15 percent of the hotel occupancy tax revenue collected by a municipality described by Subsection (a) may be used for the purposes provided by Section 351.101(a)(5) (historical restoration and preservation projects or activities or advertising and conducting solicitations and promotional programs to encourage tourists and convention delegates to visit preserved historic sites or museums).

SECTION 3. Effective date: upon passage or September 1, 2003.