BILL ANALYSIS

Senate Research Center   C.S.S.B. 1784
                                                                                                By: Lucio
                                                                              Intergovernmental Relations
                                                                                                4/16/2003
                                                                            Committee Report (Substituted)

DIGEST AND PURPOSE

C.S.S.B. 1784 provides a hotel occupancy tax for South Padre Island to provide relief projects, including a traffic control system, to handle its fluctuating yearly tourist population.

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 351.001, Tax Code, by adding Subdivision (11), to define "eligible general-law coastal municipality."

SECTION 2. Amends Subchapter A, Chapter 351, Tax Code, by adding Sections 351.0021 and 351.0022, as follows:

> Sec. 351.0021. TAX AUTHORIZED IN ELIGIBLE GENERAL-LAW COASTAL MUNICIPALITY. Authorizes an eligible general-law coastal municipality to adopt the hotel occupancy tax authorized under Section 351.002 at an election held in the municipality.

> Sec. 351.0022. ELECTION PROCEDURE. Provides that an election to adopt the tax authorized under Section 351.002 in an eligible general-law coastal municipality is called by the adoption of an ordinance by the governing body of the municipality.

SECTION 3. Amends Section 351.003, Tax Code, by adding Subsection (d), to prohibit the rate in an eligible general-law coastal municipality from exceeding eight percent of the price paid for a room in a hotel.

SECTION 4. Amends Subchapter B, Chapter 351, Tax Code, by adding Section 351.1075, as follows:

> Section 351.1075. ALLOCATION OF REVENUE. ELIGIBLE GENERAL-LAW COASTAL MUNICIPALITIES. (a) Requires an eligible general-law coastal municipality to use the amount of revenue from the tax that is derived from the application of the tax at a rate of more than seven percent of the cost of the room only for certain purposes.

> > (b) Authorizes any interest income derived from the application of the tax at the rate of more that seven percent of the cost of the room to be used only for purposes provided by this section.

SECTION 5. Effective date: upon passage or September 1, 2003.