

BILL ANALYSIS

Senate Research Center
83R21857 TJB-D

H.B. 3643
By: Harper-Brown (Carona)
Economic Development
5/16/2013
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Tax Code currently allows a municipality to spend municipal hotel occupancy taxes collected for the encouragement, promotion, improvement, application, and exhibition of the arts to support the greater goal of promoting municipal tourism and the convention and hotel industry. In 2007, S.B. 462 allowed the city of Irving to spend up to an additional \$1.6 million beyond the 15 percent cap on the hotel occupancy tax revenues for arts funding. The provisions of this bill were set to expire on September 1, 2022. However, this funding mechanism is working well and interested parties have expressed a desire to see the sunset date extended.

H.B. 3643 authorizes this funding mechanism to continue through September 1, 2026. H.B. 3643 also states that the city may not reduce the percentage of revenue that it uses for advertising and solicitation to attract tourists and convention participants to a percentage that is less than the percentage of revenue used by the municipality for that purpose during the municipality's 2011-2012 fiscal year.

H.B. 3643 amends current law relating to the allocation of revenue from the municipal hotel occupancy tax by certain municipalities.

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 351.1077, Tax Code, by amending Subsection (f) and adding Subsection (g), as follows:

(f) Prohibits a municipality that spends more than 15 percent of the hotel occupancy tax revenue collected by the municipality in a fiscal year for a purpose described by Section 351.101(a)(4) (relating to authorizing revenue from the municipal hotel occupancy tax to be used only to promote tourism and the convention and hotel industry, and that use is limited to certain uses, including the acquisition and furnishing of facilities, signage, historical restoration, and the encouragement, promotion, improvement, and application of the arts) from in that fiscal year reducing the percentage of hotel occupancy tax revenue that the municipality spends for a purpose described by Section 351.101(a)(3) (relating to authorizing revenue from the municipal hotel occupancy tax to be used only to promote tourism and the convention and hotel industry, and that use is limited to certain uses, including the acquisition and furnishing of facilities, signage, historical restoration, and advertising and conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity) to a percentage that is less than the percentage of hotel occupancy tax revenue spent by the municipality for that purpose during the municipality's 2011-2012 fiscal year.

(g) Creates this subsection from existing text. Provides that this section (Allocation of Revenue for the Arts for Certain Municipalities) expires September 1, 2026, rather than this section expires September 1, 2022.

SECTION 2. Provides that the change in law made by this Act to Section 351.1077(f), Tax Code, applies only to a municipal fiscal year that begins on or after the effective date of this Act.

SECTION 3. Effective date: September 1, 2013.