

BILL ANALYSIS

Senate Research Center
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S.B. 749
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Natural Resources & Economic Development
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In 1995, the 74th Legislature authorized Galveston to receive two percent of the state's hotel occupancy tax (HOT) funds from hotels located in that municipality. The funds were distributed in order to clean and maintain the city's public beaches.

In 1999, the 75th Legislature made the City of South Padre Island eligible to receive one percent of the state's HOT funds for beach cleaning, and increased the percentage to two percent in 2013.

In 2007, the 80th Legislature made the City of Corpus Christi potentially eligible to receive one percent of the state's HOT funds. However, to be eligible, Corpus Christi would have had to annex the Padre Island National Seashore. To this day, Corpus Christi remains ineligible to receive any portion of the state's HOT funds.

In 2009, the 81st Legislature made the City of Port Aransas eligible to receive one percent of the State's HOT funds, but has not increased that percentage.

S.B. 749 expands the definition of eligible coastal municipalities to make Corpus Christi eligible to receive HOT funds and increases the percentage of HOT funds distributed to eligible coastal municipalities (Port Aransas and Corpus Christi) from one percent to two percent. S.B. 749 allows funds to be used for beach cleaning and maintenance and coastal erosion control measures.

As proposed, S.B. 749 amends current law relating to the allocation of state hotel occupancy tax revenue to certain barrier island coastal 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 156.2512, Tax Code, by amending Subsections (a), (b), and (c) and adding Subsection (e), as follows:

(a) Requires the comptroller of public accounts of the State of Texas (comptroller), not later than the last day of the month following a calendar quarter and subject to Subsection (d), to:

(1) compute the amount of revenue described by Subsection (e), derived from the collection of taxes imposed under this chapter at a rate of two, rather than one, percent and received from hotels located wholly or partly on barrier islands in an eligible barrier island coastal municipality, rather than in an eligible barrier island coastal municipality described by Subsection (c)(1)(C)(i) or (ii); and

(2) issue to the municipality a warrant drawn on the general revenue fund for that amount.

Deletes existing Subdivision (2) requiring the comptroller, not later than the last day of the month following a calendar quarter and subject to Subsection (d), to compute the amount of revenue derived from the collection of taxes imposed under this chapter at a rate of two percent and received from hotels located on barrier islands in an eligible barrier island coastal municipality described by Subsection (c)(1)(C)(iii) and issue to the municipality a warrant drawn on the general revenue fund for that amount.

(b) Provides that an eligible barrier island coastal municipality may use money received under this section only to clean and maintain bay shores owned by that municipality or leased by that municipality from this state. Makes nonsubstantive changes.

(c) Provides that, in this section,

(1) "Eligible barrier island coastal municipality" means a municipality:

(A) and (B) Makes no changes to these paragraphs;

(C) the boundaries of which:

(i) include an institution of higher education that is part of the Texas Coastal Ocean Observation Network under Section 33.065 (Texas Coastal Ocean Observation Network), Natural Resources Code, rather than include a portion of a national seashore;

(ii) and (iii) Makes no changes to these subparagraphs.

(2) and (3) Makes no changes to these subdivisions.

(e) Provides that this section does not apply to revenue derived from the collection of taxes paid by persons for the use or possession of or for the right to the use or possession of a room or space at a qualified hotel project, the owner of which is entitled to a rebate, refund, or payment of hotel occupancy tax revenue under:

(1) Section 2303.5055, Government Code; or

(2) Section 151.429(h).

SECTION 2. Effective date: September 1, 2015.