

## **BILL ANALYSIS**

Senate Research Center  
85R23373 CJC-D

H.B. 1494  
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Natural Resources & Economic Development  
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Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The City of Rockport would like to use a portion of its existing hotel occupancy tax (HOT) in order to promote the arts, specifically "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" (Section 351.101(a)(4), Tax Code).

H.B. 1494 limits the expenditure to 30 percent of the revenue derived from the HOT. The bill also prevents the city from reducing expenditures on advertising and promoting tourism to less than the average amount the city spent over the preceding three years. If the city derives less revenue from arts promotion than it spends, then the city must reimburse the HOT fund in an amount equal to 50 percent of the difference between the amount spent and the amount derived.

From House: Interested parties suggest that certain municipalities should be able to use a certain amount of municipal hotel occupancy tax revenue on the encouragement, promotion, improvement, and application of the arts to further develop cultural arts programs and activities, which in turn will increase tourism and tax revenue. H.B. 1494 seeks to allow certain municipalities to use some of that tax revenue to further develop cultural arts programs and activities.

H.B. 1494 amends current law relating to the use of municipal hotel occupancy tax revenue 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 Subchapter B, Chapter 351, Tax Code, by adding Section 351.1075, as follows:

Sec. 351.1075. ALLOCATION OF REVENUE FOR THE ARTS BY CERTAIN MUNICIPALITIES. (a) Provides that this section applies only to a municipality that meets certain criteria.

(b) Prohibits a municipality to which this section applies, notwithstanding any other provision of this chapter (Municipal Hotel Occupancy Taxes) and subject to Subsection (c)(1), from using more than 30 percent of the revenue derived from the municipal hotel occupancy tax for the purposes provided by Section 351.101(a)(4) (relating to limiting the use of revenue from the municipal hotel occupancy tax for actions relating to certain major art forms).

(c) Provides that a municipality to which this section applies that spends more than 15 percent of the hotel occupancy tax revenue collected by the municipality in a fiscal year for the purposes provided by Section 351.101(a)(4):

(1) is prohibited from in that fiscal year reducing the percentage of hotel occupancy tax revenue that the municipality spends for the purposes described by Section 351.101(a)(3) (relating to limiting the use of revenue from the municipal hotel occupancy tax for acts relating to advertising and conducting certain solicitations and promotional programs) to a certain percentage; and

(2) is required to determine for that fiscal year:

(A) the increase in the amount of hotel revenue that is attributable to that expenditure; and

(B) the total amount of hotel occupancy tax revenue spent by the municipality for the purposes provided by Section 351.101(a)(4).

(d) Requires the municipality, if the amount of money determined under Subsection (c)(2)(A) is less than the amount of money determined under Subsection (c)(2)(B), to reimburse the municipality's hotel occupancy tax revenue fund from the municipality's general fund an amount equal to 50 percent of the difference between those determined amounts.

SECTION 2. Effective date: upon passage or September 1, 2017.