

BILL ANALYSIS

Senate Research Center
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H.B. 1896
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Natural Resources & Economic Development
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

H.B. 1896 amends the Local Government Code to make the consideration of a facility that is financed wholly or partly with hotel occupancy tax revenue and that is used or planned for use for one or more professional or amateur sports events, community events, other sports events, and other civic or charitable events as a venue for purposes of local funding of certain sports and community venues contingent on the facility not being primarily used for community, civic, and charitable events that are attended only by residents of the community.

H.B. 1896 makes the same consideration of an improvement financed wholly or partly with hotel occupancy tax revenue and related to a convention center or a convention center facility contingent on the improvement being in the vicinity of the convention center.

H.B. 1896 amends the Tax Code to define "meetings," with regard to the consideration of facilities that are primarily used to host conventions and meetings as convention center facilities or a convention center complex for purposes of the imposition of a municipal hotel occupancy tax, as gatherings of people that enhance and promote tourism and the convention and hotel industry.

H.B. 1896 extends the applicability of the exemption from a municipality's or county's increase of the applicable hotel occupancy tax rate for the tax imposed on the use or possession of a room under a contract executed before October 1, 1989, that provides for the payment of the tax at the rate in effect when the contract was executed, barring a certain exception, to the tax imposed on the use or possession, or the right to the use or possession, of a room under a contract that was executed before the date the increased rate takes effect and that provides for the payment of the tax at the rate in effect when the contract was executed, barring the same exception.

H.B. 1896 exempts from a municipality's adopted ordinance or a county commissioners court's adopted order or resolution imposing an applicable hotel occupancy tax that is not imposed at any rate before the effective date of the tax prescribed by the ordinance, order, or resolution the use or possession, or the right to the use or possession, of a room under a contract that provides for the payment of one or more taxes imposed on the use or possession, or the right to the use or possession, of a hotel room and that is executed before the date the imposition of the tax takes effect, unless the contract is subject to change or modification by reason of the imposition of the new tax.

H.B. 1896 expressly does not impose a municipal or county hotel occupancy tax on the use or possession, or the right to the use or possession, of a room under such a contract.

H.B. 1896 amends current law relating to the application of and use of revenue from hotel occupancy taxes imposed by municipalities and counties.

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 334.001(4), Local Government Code, to redefine “venue.”

SECTION 2. Amends Section 351.001(2), Tax Code, to redefine “convention center facilities” or “convention center complex” and provide that, for the purposes of this subdivision, “meetings” means gatherings of people that enhance and promote tourism and the convention and hotel industry.

SECTION 3. Amends Section 351.007, Tax Code, as follows:

Sec. 351.007. PREEXISTING CONTRACTS. (a) Creates this subsection from existing text. Provides that, if a municipality increases the rate of the tax authorized by this chapter (Municipal Hotel Occupancy Taxes), the increased tax rate does not apply to the tax imposed on the use or possession, or the right to the use or possession, of a room under a contract that was executed before the date the increased rate takes effect and that provides for the payment of the tax at a certain rate, rather than the increased tax rate does not apply to the tax imposed on the use or possession of a room under a contract executed before October 1, 1989, that provides for the payment of the tax at a certain rate.

(b) Provides that this subsection applies only to a contract that provides for the payment of one or more taxes imposed on the use or possession, or the right to the use or possession, of a room that is in a hotel, including certain authorized taxes. Provides that, if a municipality adopts an ordinance imposing a tax under this chapter that is not imposed at any rate before the effective date of the tax prescribed by the ordinance, the imposition of the tax does not apply to the use or possession, or the right to the use or possession, of a room under a contract executed before the date the imposition of the tax takes effect, unless the contract is subject to change or modification by reason of the imposition of the new tax.

(c) Creates this subsection from existing text. Provides that the tax rate applicable to the use or possession, or the right to the use or possession, of a room under a contract described by Subsection (a) is the rate in effect when the contract was executed, rather than provides that the tax rate applicable to the use or possession of a room under the contract is the rate in effect when the contract was executed. Provides that, notwithstanding Section 351.002(a) (relating to authorizing a municipality by ordinance to impose a tax on certain persons), no tax is imposed under this chapter on the use or possession, or the right to the use or possession, of a room under a contract described by Subsection (b).

SECTION 4. Reenacts and amends Section 351.101(a), Tax Code, as amended by Chapters 666 (H.B. 3772) and 979 (H.B. 3615), Acts of the 84th Legislature, Regular Session, 2015, as follows:

(a) Authorizes 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 the following:

(1) through (6) makes no changes to these subdivisions;

(7) subject to Section 351.1076 (Allocation of Revenue: Certain Municipalities), the promotion of tourism by the enhancement and upgrading of existing sports facilities or fields, rather than subject to Section 351.1076, the promotion of tourism by the enhancement and upgrading of existing sports facilities or fields, including facilities or fields for baseball, softball, soccer, flag football, and rodeos, if:

(A) makes no changes to this paragraph;

(B) the municipality:

(i) through (vii) makes no changes to these subparagraphs;

(viii) redesignates existing Subparagraph (ix) as Subparagraph (viii) and makes no further changes to this subparagraph;

(ix) redesignates existing Subparagraph (x) as Subparagraph (ix) and makes no further changes to this subparagraph;

(C) makes no changes to this paragraph;

(8) through (11) makes no changes to these subdivisions.

SECTION 5. Amends Section 352.0031, Tax Code, as follows:

Sec. 352.0031. PREEXISTING CONTRACTS. (a) Creates this subsection from existing text. Provides that, if a county increases the rate of the tax authorized by this chapter (County Hotel Occupancy Taxes), the increased tax rate does not apply to the tax imposed on the use or possession, or the right to the use or possession, of a room under a contract that was executed before the date the increased rate takes effect and that provides for the payment of the tax at a certain rate, rather than the increased tax rate does not apply to the tax imposed on the use or possession of a room under a contract executed before October 1, 1989, that provides for the payment of the tax at a certain rate.

(b) Provides that this subsection applies only to a contract that provides for the payment of one or more taxes imposed on the use or possession, or the right to the use or possession, of a room that is in a hotel, including certain authorized taxes. Provides that, if the commissioners court of a county adopts an order or resolution imposing a tax under this chapter as authorized by Section 352.002 (Tax Authorized) and the tax was not imposed at any rate before the effective date of the tax prescribed by the order or resolution, the imposition of the tax does not apply to the use or possession, or the right to the use or possession, of a room under a contract executed before the date the imposition of the tax takes effect, unless the contract is subject to change or modification by reason of the imposition of the new tax.

(c) Creates this subsection from existing text. Provides that the tax rate applicable to the use or possession, or the right to the use or possession, of a room under a contract described by Subsection (a) is the rate in effect when the contract was executed, rather than provides that the tax rate applicable to the use or possession of a room under the contract is the rate in effect when the contract was executed. Provides that, notwithstanding Section 352.002, no tax is imposed under this chapter on the use or possession, or the right to the use or possession, of a room under a contract described by Subsection (b).

SECTION 6. Provides that, to the extent of any conflict, this Act prevails over another Act of the 85th Legislature, Regular Session, 2017, relating to nonsubstantive additions to and corrections in enacted codes.

SECTION 7. Effective date: September 1, 2017.