

BILL ANALYSIS

Senate Research Center
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S.B. 2146
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Natural Resources & Economic Development
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 2146 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.

S.B. 2146 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.

S.B. 2146 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.

S.B. 2146 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.

S.B. 2146 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.

S.B. 2146 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.

As proposed, S.B. 2146 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, as follows:

(4) Redefines "venue" to include:

(A) an arena, coliseum, stadium, or other type of area or facility that is used or is planned for use for certain events provided that a facility financed wholly or partly with revenue from a tax imposed under Subchapter H (Hotel Occupancy Taxes) is not, or will not be, primarily used for community, civic, and charitable events that are attended only by residents of the community;

(B) a convention center, a certain convention center facility, or a certain related improvement, provided that a related improvement for facility financed wholly or partly with revenue from a tax imposed under Subchapter H must be in the vicinity of the convention center; and

(C) through (F) makes no changes to these subdivisions.

SECTION 2. Amends Section 351.001(2), Tax Code, to define "meetings."

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

Sec. 351.007. PREEXISTING CONTRACTS. (a) Creates this subsection from existing text. Provides that the increased tax rate, if a municipality increases the rate of the tax authorized by this chapter (Municipal Hotel Occupancy Taxes), 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, rather than before October 1, 1989, and that provides for the payment of the tax at the rate in effect when the contract was executed, unless the contract is subject to change or modification by reason of the tax rate increase.

(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 a tax authorized by Chapter 156 (Hotel Occupancy Tax) or 352 (County Hotel Occupancy Taxes) of this code or by Subchapter H, Chapter 334 (Sports and Community Venues), Local Government Code. Provides that the imposition of the tax, 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, 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. Provides that no tax is imposed under this chapter on the use or possession, or the right to the use or possession, notwithstanding Section 351.002(a) (relating to authorizing a municipality by ordinance to impose a tax on a person who, under a certain agreement, pays for certain use of a room that is in a hotel) of a room under a contract described by Subsection (b).

SECTION 4. Reenacts 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, and amends it, to delete existing text authorizing revenue from the municipal hotel occupancy tax to be used only to promote tourism and the convention and hotel industry, limited to 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. Makes nonsubstantive changes.

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

Sec. 352.0031. PREEXISTING CONTRACTS. (a) Creates this subsection from existing text. Provides that the increased tax rate, if a county increases the rate of tax authorized by this chapter, 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, rather than before October 1, 1989, and that provides for the payment of the tax at the rate in effect when the contract was executed, unless the contract is subject to change or modification by reason of the tax rate increase.

(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 a certain authorized tax. Provides that the imposition of the tax, if the commissioners court of a county adopts an order or resolution imposing an authorized tax and the tax was not imposed at any rate before the effective date of the tax prescribed by the order or resolution, 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. Provides that no tax, notwithstanding Section 352.002 (Tax Authorized), 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.