

BILL ANALYSIS

Senate Research Center

S.B. 942
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Natural Resources & Economic Development
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

There are concerns that certain municipalities, such as Queen City, are not permitted to use hotel occupancy tax funds to enhance or upgrade existing sports facilities. Interested parties contend that Queen City wants to have upgraded sports facilities and events in place to attract overnight visitors to the local hotel. Due to the lack of a permanent concession stand and bathrooms, the Queen City sports facilities lacks tournament use to near its full potential. S.B. 942 seeks to address this issue.

S.B. 942 provides that all standard hotel tax-funded sports facility requirements will apply. This requirement is codified in Section 351.1076, Tax Code.

Essentially, Section 351.1076 requires that a sports facility improvement that is funded with hotel occupancy tax funds be a qualified expenditure.

- Step 1: The city expends hotel tax revenues to make the sports facility improvement.
- Step 2: The organizer of an event held at the sports facility will report to the city administrator on whether any area hotel activity is attributable to the sporting event. This report will estimate how much the group spent on hotel room nights.
- Step 3: The city has five years to make sure the amount of tax revenue spent on the facility is less than the revenues that area hotels receive from guests attending and participating in events at the sports facility.

S.B. 942 amends current law relating to the use of municipal hotel occupancy tax revenue in 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 351.101, Tax Code, by adding Subsection (n), as follows:

(n) Authorizes a municipality that has a population of not more than 1,500 and is located in a county that borders Arkansas and Louisiana to, in addition to other authorized uses, use revenue from the municipal hotel occupancy tax for the promotion of tourism by the enhancement and upgrading of an existing sports facility or field as specified by Subsection (a)(7) (relating to the authorization to use municipal hotel tax revenue for the promotion of tourism by enhancing and upgrading existing sports facilities or fields), provided that the requirements of Subsections (a)(7)(A) (relating to the condition that the municipality owns the facilities or fields) and (C) (relating to the requirement that the sports facilities and fields have been used, in the proceeding calendar year, for a certain time period) and Section 351.1076 (Allocation of Revenue: Certain Municipalities) are met.

SECTION 2. Amends Section 351.1076(a), Tax Code, as follows:

(a) Provides that a municipality that spends municipal hotel occupancy tax revenue for the enhancement and upgrading of existing sports facilities or fields as authorized by Section 351.101(a)(7) or (n) is required to determine the amount of municipal hotel occupancy tax revenue generated for the municipality by certain hotel activities and is prohibited from spending hotel occupancy tax revenue for enhancements and upgrades that exceed a certain total amount.

SECTION 3. Effective date: upon passage or September 1, 2017.