

BILL ANALYSIS

C.S.H.B. 1717
By: Oliveira
Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

According to interested parties, SpaceX recently announced its decision to build a commercial space launch facility at Boca Chica Beach, just south of South Padre Island. Once open, the facility is expected to have at least eight launches per year. In states where space launches are currently conducted, the parties note, tourism related to launch viewing is a major industry. The parties report that the City of South Padre Island seeks greater flexibility with the use of revenue from the municipal hotel occupancy tax for promotional and event expenses related to ecological tourism events and the development of space launch viewing facilities in anticipation of growing tourism due to the SpaceX facility and the draw of local birding, the Laguna Madre, and the Gulf of Mexico. The purpose of C.S.H.B. 1717 is to provide for that flexibility.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 1717 amends the Tax Code to authorize an eligible barrier island coastal municipality, meaning a municipality that borders on the Gulf of Mexico, is located wholly on a barrier island, and the boundaries of which are within 30 miles of the United Mexican States, to use revenue from the municipal hotel occupancy tax for promotional and event expenses for an ecological tourism event, if a majority of the event's participants are tourists and the event substantially increases economic activity at hotels and motels within or in the vicinity of the municipality; for expenses directly related to the acquisition of sites to observe spacecraft and spaceport activities; and for expenses directly related to constructing, improving, enlarging, equipping, repairing, operating, and maintaining facilities utilized by hotel guests to observe and learn about spacecraft and spaceport operations. The bill limits the amount that an eligible barrier island coastal municipality may use for such purposes to the greater of 15 percent of the hotel occupancy tax revenue collected by the municipality or the amount of tax received by the municipality at the rate of one percent of the cost of a room.

C.S.H.B. 1717 prohibits an eligible barrier island coastal municipality that uses hotel occupancy tax revenue for the purposes described by the bill relating to spacecraft and spaceport activities from reducing the amount of revenue used for advertising and conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity to an amount that is less than the average amount of revenue used by the municipality for such advertising, solicitations, and promotional programs during the 36-

month period preceding the municipality's first use of municipal hotel occupancy tax revenue for purposes relating to spacecraft and spaceport activities.

C.S.H.B. 1717 revises the requirement that an eligible barrier island coastal municipality use at least the amount of revenue derived from the application of the municipal hotel occupancy tax at a rate of seven percent of the cost of a room for certain authorized purposes to include among those authorized purposes the purposes described by the bill relating to ecological tourism and spacecraft and spaceport activities.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2015.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 1717 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Subchapter B, Chapter 351, Tax Code, is amended by adding Section 351.1054 to read as follows:

Sec. 351.1054. ALLOCATION OF REVENUE FOR ECOLOGICAL TOURISM AND SPACECRAFT AND SPACEPORT ACTIVITIES BY CERTAIN MUNICIPALITIES. (a) In this section, "spacecraft" and "spaceport" have the meanings assigned by Section 507.001, Local Government Code.

(b) Notwithstanding any other provision of this chapter, an eligible barrier island coastal municipality may use revenue from the municipal hotel occupancy tax for:

(1) promotional and event expenses for an ecological tourism event, including an event for which the primary attraction is traveling to an area of natural or ecological interest for the purpose of observing and learning about wildlife and the area's natural environment, if:

(A) a majority of the event's participants are tourists; and

(B) the event substantially increases economic activity at hotels and motels within or in the vicinity of the municipality; and

(2) expenses directly related to:

(A) the acquisition of sites for spacecraft and spaceport activities; and

(B) the construction, improvement, enlarging, equipping, repairing, operation, and maintenance of facilities utilized by

HOUSE COMMITTEE SUBSTITUTE

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(b) Notwithstanding any other provision of this chapter, an eligible barrier island coastal municipality may use revenue from the municipal hotel occupancy tax for:

(1) promotional and event expenses for an ecological tourism event, including an event for which the primary attraction is traveling to an area of natural or ecological interest for the purpose of observing and learning about wildlife and the area's natural environment, if:

(A) a majority of the event's participants are tourists; and

(B) the event substantially increases economic activity at hotels and motels within or in the vicinity of the municipality; and

(2) expenses directly related to:

(A) the acquisition of sites to observe spacecraft and spaceport activities; and

(B) the construction, improvement, enlarging, equipping, repairing, operation, and maintenance of facilities utilized by

hotel guests to observe and learn about spacecraft and spaceport operations.

(c) A municipality may use for the purpose provided by Subsection (b)(1) not more than the greater of:

(1) 15 percent of the hotel occupancy tax revenue collected by the municipality; or

(2) the amount of tax received by the municipality at the rate of one percent of the cost of a room, whichever is greater.

SECTION 2. Section 351.1055(d), Tax Code, is amended.

SECTION 3. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2015.

hotel guests to observe and learn about spacecraft and spaceport operations.

(c) A municipality may use for the purposes provided by Subsections (b)(1) and (2) not more than the greater of:

(1) 15 percent of the hotel occupancy tax revenue collected by the municipality; or

(2) the amount of tax received by the municipality at the rate of one percent of the cost of a room.

SECTION 2. Same as introduced version.

SECTION 3. Same as introduced version.