

SUBJECT: Allowing cities to use certain taxes to improve state parks

COMMITTEE: Ways and Means — favorable, without amendment

VOTE: 7 ayes — Craddick, Ramsay, Grusendorf, Heflin, Horn, Stiles, Williamson
0 nays
4 absent — Holzheuser, Oliveira, Telford and Thompson

WITNESSES: None

BACKGROUND : Cities can levy economic development sales taxes under the auspices of sections 4A and 4B of the Development Corporation Act of 1979. Under section 4A cities can create nonprofit corporations to encourage and attract industrial development to the community. Under section 4B nonprofit corporations can be created to finance convention centers and ballparks, and other projects related to tourism, entertainment, and athletic facilities.

Counties also can create county development districts under the Tax Code that have authority to impose sales and hotel occupancy taxes, and are given broad authority to promote economic development.

DIGEST: HB 3320 would allow a political subdivision to contribute local tax money to improve or maintain state parks under a program that Department of Parks and Wildlife (TPWD) would be required, by rule, to establish. The department could, if it chose, accept such a contribution, which it would be required to match and use to maintain or improve only the state park or parks for which the money was contributed.

A political subdivision could contribute only sales tax revenue received from development corporations created under sections 4A and 4B of the Development Corporation Act of 1979; sales taxes collected by county development districts; and hotel occupancy tax revenue collected by cities and counties. Money could not be contributed from other sales or property tax revenue collected by cities, counties or special purpose taxing authorities.

A political subdivision could only contribute money to improve or maintain one or more state parks that would contribute to the economic, cultural, or recreational development or well-being of its residents.

The bill would take immediate effect if finally approved by a two-thirds record vote of the membership in each house.

**SUPPORTERS
SAY:**

HB 3320 would allow cities and counties to contribute money to help the TPWD maintain parks in their areas. Facilities in state parks all across Texas are in desperate need of repair. Some of them were built in the 1950s and were not designed to handle the amount of traffic they now attract. TPWD cannot cover the enormous costs of maintaining such a large number of aging facilities and must concentrate on critical structural repairs as well as repairs to water and wastewater facilities to achieve compliance with state and federal environmental regulations. TPWD would not be obliged to accept contributions; it would be required to match city and county funds only if it agreed to accept a contribution.

The bill would allow cities and counties to contribute a limited portion of local tax money in their areas to maintain these facilities, which would improve the quality of life for city and county residents. Taxes raised by development districts and corporations could only be levied after voter approval, so tax revenues would only go to parks if district residents approved their issuance for that purpose.

**OPPONENTS
SAY:**

Hotel occupancy tax revenue should be used to promote tourism in the area where hotels are located — not in parks that could be located on the other side of the city. Development corporations and county development districts, which have too much discretion already over taxpayer dollars should not be used to raise money for state parks; they can be too easily misused to impose taxes on unwilling populations.