

SUBJECT: Allocating a portion of the hotel occupancy tax to certain municipalities

COMMITTEE: Ways and Means — committee substitute recommended

VOTE: 9 ayes — D. Bonnen, Y. Davis, Bohac, Button, Darby, Martinez Fischer, Murphy, C. Turner, Wray

0 nays

2 absent — Parker, Springer

WITNESSES: For — (*Registered, but did not testify*: Brooks Bennett, Laurie Hadley, and Alan McGraw, City of Round Rock; Justin Bragiel, Texas Hotel and Lodging Association; Martin Heines, the City of Tyler)

Against — None

On — (*Registered, but did not testify*: Donald Dillard, Texas Comptroller of Public Accounts)

BACKGROUND: Tax Code, sec. 351.102 allows certain municipalities to allocate hotel occupancy tax revenue collected from hotels located on property owned by the municipality to pay bonds or obligations from the acquisition of convention center entertainment-related facilities, restaurants, shops, and parking facilities within 1,000 feet of the hotel or convention center.

DIGEST: CSHB 3113 would allow a municipality that met the description in the bill (Round Rock and Tyler) to use hotel occupancy taxes in accordance with the guidelines provided in Tax Code, sec. 351.102. It also would expand the guidelines to allow eligible municipalities to use this revenue for meeting spaces, public spaces, plazas, and street, sewer, and water infrastructure, among other ancillary purposes.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2015.

NOTES: The Legislative Budget Board's fiscal note estimates that the bill would have no fiscal impact through fiscal 2016-17. However, the bill would have an estimated negative impact of about \$1 million to general revenue in fiscal 2018-19.