

BILL ANALYSIS

Senate Research Center

H.B. 1022
By: McCall (Sibley)
Intergovernmental Relations
5/10/2001
Committee Report (Substituted)

DIGEST AND PURPOSE

Concerns have been raised regarding the use of revenue from the hotel occupancy tax. C.S.H.B. 1022 creates a reporting requirement to provide information about how this revenue is spent and ensure that the funds are spent to promote tourism, as required by law.

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 351.107, Tax Code, as added by Chapters 495 and 1467, Acts of the 76th Legislature, Regular Session, 1999, by renumbering it as Section 351.108, Tax Code, and amending it as follows:

Sec. 351.108. (b) Requires a municipality or entity that spends revenue derived from the tax imposed under this chapter, before making an expenditure, to specify in a list each scheduled activity, program, or event that is directly funded by the tax or has its administrative costs funded in whole or in part by the tax and is directly enhancing and promoting tourism and the convention and hotel industry.

(c) Provides that if a municipality delegates to another entity the management or supervision of an activity, program, or event funded by the tax imposed under this chapter, each entity that is ultimately funded by the tax is required, before making an expenditure, to specify in a list each scheduled activity or event that is directly funded by the tax or has its administrative costs funded in whole or in part by the tax, and is directly enhancing and promoting tourism and the convention and hotel industry.

(d) Provides that the list required in Subsections (b) and (c) should be provided to the office of the city secretary or to the city secretary's designee.

(e) Provides that Subsections (b) and (c) do not prevent a municipality or funded entity from subsequently adding an activity or event to the list required by those subsections if the activity or event is directly enhancing and promoting tourism and the convention and hotel industry.

(f) Provides that this section does not prevent a municipality or entity receiving revenue from the tax imposed under this chapter from setting aside tax revenue in a designated reserve fund for use in supporting planned activities, future events, and facility improvements that are directly enhancing and promoting tourism and the convention and hotel industry.

(g) Provides that Subsections (b) and (c) do not apply if the funded entity already

provides written information to the municipality that indicates which scheduled activities, programs, or events offered by the entity are directly enhancing and promoting tourism and the convention and hotel industry.

(h) Provides that Subsections (b) and (c) do not affect the level of local hotel occupancy tax funding that was approved at an election held under the initiative and referendum provisions of a city charter, and do not prohibit the use of local hotel occupancy tax for the encouragement, promotion, improvement, and application of the arts or for historical restoration and preservation as otherwise provided by this chapter.

SECTION 2. Effective date: September 1, 2001.

Makes application of this Act prospective.

SUMMARY OF COMMITTEE CHANGES

Differs from the original by adding and clarifying provisions regarding the enhancement of tourism and the hotel and convention industry, rather than hotel and convention activity. Adds the provisions proposed in Subsections (d) and (g) and redesignates subsections accordingly.

Second committee substitute differs from the previous version by adding references to scheduled programs as well as activities and events. Adds proposed Subsection (h). Modifies the prospective clauses.