

## BILL ANALYSIS

Senate Research Center  
84R25559 ADM-D

H.B. 1585  
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Business & Commerce  
5/20/2015  
Engrossed

### AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

H.B. 1585 amends current law relating to the use of 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 (j), as follows:

(j) Authorizes a municipality that has a population of not more than 5,000 and at least part of which is located less than one-eighth of one mile from a space center operated by an agency of the federal government, in addition to the purposes provided by Subsection (a), to use revenue from the municipal hotel occupancy tax for expenses, including promotion expenses, directly related to a sporting event in which the majority of participants are tourists who substantially increase economic activity at hotels and motels within the municipality or its vicinity.

SECTION 2. Amends Subchapter B, Chapter 351, Tax Code, by adding Section 351.1071, as follows:

Sec. 351.1071. ALLOCATION OF REVENUE: CERTAIN MUNICIPALITIES. (a) Provides that this section applies only to a municipality:

(1) that has a population of not more than 5,000; and

(2) at least part of which is located less than one-eighth of one mile from a space center operated by an agency of the federal government.

(b) Defines "authorized facility" in this section to mean a civic center, marina, meeting room, hotel, parking facility, or visitor center, including signage related to the facility, that:

(1) is owned by the municipality or a nonprofit corporation acting on behalf of the municipality;

(2) is located not more than 1,000 feet from a hotel property in the municipality; and

(3) substantially enhances hotel activity and encourages tourism within the municipality.

(c) Authorizes a municipality to which this section applies, subject to Subsection (d) and notwithstanding any other provision of this chapter, to use the amount of

revenue derived from the application of the tax under this chapter at a rate of three percent of the price paid for a room in a hotel to:

(1) establish, acquire, purchase, construct, improve, maintain, or operate an authorized facility; and

(2) pay bonds issued for a purpose described by Subdivision (1).

(d) Prohibits a municipality from using municipal hotel occupancy tax revenue on an authorized facility in a total amount that would exceed the amount of that revenue attributable to events at that facility for the 15-year period following the completion of construction.

(e) Requires a municipality that uses municipal hotel occupancy tax revenue for a purpose authorized by this section to publish annually for the 15-year period following the completion of construction at the authorized facility for which the revenue was used a report on the Internet website of the municipality that lists:

(1) for the preceding year, the events held at the authorized facility with respect to which the tax revenue was used and the number of hotel room nights attributable to those events; and

(2) the amount of hotel revenue and municipal hotel occupancy tax revenue attributable to events held at the authorized facility in that year.

(f) Requires a municipality, if the municipality uses municipal hotel occupancy tax revenue to establish, acquire, purchase, construct, or improve an authorized facility, on the 5th, 10th, and 15th anniversaries of the completion of construction at the facility, to:

(1) calculate:

(A) the sum of:

(i) municipal hotel occupancy tax revenue used to maintain or operate the facility in the past five years;

(ii) one-third of the amount of municipal hotel occupancy tax revenue used to establish, acquire, purchase, construct, or improve the authorized facility; and

(iii) any credits carried over from a previous five-year period, as authorized by Subsection (g); and

(B) municipal hotel occupancy tax revenue directly attributable to events held at the authorized facility in the past five years; and

(2) if the amount calculated under Subdivision (1)(A) exceeds the amount calculated under Subdivision (1)(B), reimburse the municipality's hotel occupancy tax revenue fund from the municipality's general fund in the amount of the difference.

(g) Authorizes the municipality, if, for a given five-year period, the amount calculated under Subsection (f)(1)(B) exceeds the amount calculated under Subsection (f)(1)(A), to carry forward the difference to be used as a credit in a subsequent five-year period.

SECTION 3. Effective date: upon passage or September 1, 2015.