

BILL ANALYSIS

C.S.H.B. 3630
By: Turner, Chris
Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties note that it is unclear whether short-term rentals are subject to hotel occupancy taxes. Additionally, the parties note that some municipalities that impose a hotel occupancy tax might want to use such revenue to create and utilize an electronic portal for the administration of the municipality's hotel occupancy tax. C.S.H.B. 3630 seeks to modernize and clarify certain hotel occupancy tax statutes.

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. 3630 amends the Tax Code to specify that for purposes of the imposition of state hotel occupancy tax, municipal hotel occupancy tax, county hotel occupancy tax, or a hotel occupancy tax under other law, the term "hotel" includes a short-term rental, defined as the rental of all or part of a residential property to a person who is not considered a permanent resident. The bill specifies that this provision is a clarification of existing law and does not imply that existing law is authorized to be construed as inconsistent with the law as amended by the provision.

C.S.H.B. 3630 authorizes a municipality to spend a maximum of one percent of the revenue derived from municipal hotel occupancy taxes for the creation, maintenance, operation, and administration of an electronic tax administration system. The bill authorizes a municipality to contract with a third party to assist in the creation, maintenance, operation, or administration of an electronic tax administration system. The bill provides for a municipality's reimbursement of expenses for use of an electronic tax administration system from municipal hotel occupancy tax revenue.

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. 3630 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. Section 156.001, Tax Code, is amended to read as follows:

Sec. 156.001. DEFINITIONS

~~[DEFINITION]~~. In this chapter:

(1) "Hotel" [~~,"hotel"~~] means a building in which members of the public obtain sleeping accommodations for consideration. The term includes a hotel, motel, tourist home, tourist house, tourist court, lodging house, inn, rooming house, short-term rental, or bed and breakfast. The term does not include:

(A) [~~(1)~~] a hospital, sanitarium, or nursing home;

(B) [~~(2)~~] a dormitory or other housing facility owned or leased and operated by an institution of higher education or a private or independent institution of higher education as those terms are defined by Section 61.003, Education Code, used by the institution for the purpose of providing sleeping accommodations for persons engaged in an educational program or activity at the institution; or

(C) [~~(3)~~] an oilfield portable unit, as defined by Section 152.001.

(2) "Short-term rental" means the rental of all or part of a residential property to a person who is not a permanent resident under Section 156.101.

SECTION 2. The heading to Section 351.005, Tax Code, is amended.

SECTION 3. Section 351.005(a), Tax Code, is amended.

SECTION 4. Subchapter B, Chapter 351, Tax Code, is amended by adding Section 351.1012 to read as follows:

Sec. 351.1012. ELECTRONIC TAX ADMINISTRATION SYSTEM. (a) Notwithstanding any other provision of this chapter, a municipality may spend not more than two percent of the revenue derived

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Section 156.001, Tax Code, is amended to read as follows:

Sec. 156.001. DEFINITIONS

~~[DEFINITION]~~. (a) In this chapter, "hotel" means a building in which members of the public obtain sleeping accommodations for consideration. The term includes a hotel, motel, tourist home, tourist house, tourist court, lodging house, inn, rooming house, or bed and breakfast. The term does not include:

(1) a hospital, sanitarium, or nursing home;

(2) a dormitory or other housing facility owned or leased and operated by an institution of higher education or a private or independent institution of higher education as those terms are defined by Section 61.003, Education Code, used by the institution for the purpose of providing sleeping accommodations for persons engaged in an educational program or activity at the institution; or

(3) an oilfield portable unit, as defined by Section 152.001.

(b) For purposes of the imposition of a hotel occupancy tax under this chapter, Chapter 351 or 352, or other law, "hotel" includes a short-term rental. In this subsection, "short-term rental" means the rental of all or part of a residential property to a person who is not a permanent resident under Section 156.101.

SECTION 2. Same as introduced version.

SECTION 3. Same as introduced version.

SECTION 4. Subchapter B, Chapter 351, Tax Code, is amended by adding Section 351.1012 to read as follows:

Sec. 351.1012. ELECTRONIC TAX ADMINISTRATION SYSTEM. (a) Notwithstanding any other provision of this chapter, a municipality may spend not more than one percent of the revenue derived

from the tax authorized by this chapter for the creation, maintenance, operation, and administration, including compliance audits, of an electronic tax administration system.

(b) A municipality may contract with a third party on an hourly or fixed-rate basis to assist in the creation, maintenance, operation, or administration of the electronic tax administration system.

SECTION 5. The amendments made by this Act to Section 156.001, Tax Code, are a clarification of existing law and do not imply that existing law may be construed as inconsistent with the law as amended by this Act.

SECTION 6. 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.

from the tax authorized by this chapter for the creation, maintenance, operation, and administration of an electronic tax administration system.

(b) A municipality may contract with a third party to assist in the creation, maintenance, operation, or administration of the electronic tax administration system.

SECTION 5. Same as introduced version.

SECTION 6. Same as introduced version.