

SUBJECT: Authorizing Burleson County to impose a county hotel occupancy tax

COMMITTEE: Local Government Ways and Means — favorable, without amendment

VOTE: 6 ayes — Hill, Creighton, C. Howard, Puente, Quintanilla, Villarreal
0 nays
1 absent — Elkins

WITNESSES: For — Mike Sutherland, Burleson County Commissioners Court; Brenda Van De Walle, Burleson County Chamber of Commerce
Against — None

BACKGROUND: Tax Code, ch. 352 permits certain counties to levy a county hotel occupancy tax to promote tourism and the convention and hotel industry. The tax rate varies depending on the category of county and is in addition to the state hotel tax rate of 6 percent.

DIGEST: HB 1669 would authorize a county with a population of 16,000 or more that borders the entire north shore of Lake Somerville (Burleson County) to impose a hotel occupancy tax. The tax would be capped at 2 percent of the price paid for a hotel room.

The 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, 2007.

SUPPORTERS SAY: HB 1669 would promote economic development in the area around Lake Somerville, a growing community with substantial promise as a desirable tourist destination. This modest hotel occupancy tax would generate nearly \$30,000 per year that would support the promotion of tourism in Burleson County.

The tax imposed under HB 1669 would be capped at 2 percent, which likely would amount to an additional charge of only \$1 per night on a \$50 hotel room in Burleson County. Hotel owners and workers would benefit

from the increased traffic they would see resulting from the tourism projects funded by the tax authorized under this bill.

OPPONENTS
SAY:

HB 1669 would lead to increased costs for hotel occupants in Burleson County. Although the increase would be small on a per night basis, the aggregate increase for an extended stay guest could be significant.