

## **BILL ANALYSIS**

Senate Research Center

H.B. 1734  
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4/29/2005  
Engrossed

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

The City of Round Rock is host to many baseball, softball, soccer, and flag football district, state, regional, and national tournaments and championships. Parents, as well as supporters and sponsors, stay in Round Rock-area hotels and motels for these events. Round Rock has been referred to as the "Amateur Sports Capitol of Texas."

Use of the municipality's hotel/motel taxes is currently restricted. Round Rock is authorized to use hotel/motel taxes for the construction of convention center facilities, but there are two attorney general opinions that have concluded these taxes could not be used to support basic governmental infrastructure such as city recreational facilities, reasoning that these kinds of improvements would not serve the purpose of attracting visitors and tourists. Therefore, cities cannot use these funds for upgrading or enhancing existing city parks or sports facilities already in place.

Round Rock would like to expand the use of the hotel/motel tax dollars for upgrades to its existing sports complexes. H.B. 1734 requires that the city show that the hotel/motel activity generated by the city's sports facilities' expansion is equal to or greater than the hotel/motel tax funds expended by the city for upgrades. Application of H.B. 1734 is limited to cities with a population of 80,000 or more, located in a county of 350,000 or less, that have hosted district, state, regional, and national events a combined total of more than 10 times.

In addition, an existing provision in the statute allows for use of the hotel/motel tax dollars 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, but only applies to a city with a population of 290,000 or less. H.B. 1734 raises that population cap to one million.

### **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(a), Tax Code, to modify the list of expenses authorized to be paid for by revenue from the municipal hotel occupancy tax to include the promotion of tourism by the enhancement and upgrading of existing sports facilities or fields if certain conditions apply. Authorizes said taxes to be used by a municipality located in a county with a population of one million, rather than 290,000, or less, for 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 351.1076, as follows:

Sec. 351.1076. ALLOCATION OF REVENUE: CERTAIN MUNICIPALITIES. (a) Requires a municipality that spends municipal hotel occupancy tax revenue for the enhancement and upgrading of existing sports facilities or fields as authorized by Section 351.101(a)(7) to determine the amount of municipal hotel occupancy tax revenue generated for the municipality by hotel activity attributable to the sports events and

tournaments held on the enhanced or upgraded facilities or fields for five years after the date the enhancements and upgrades are completed. Prohibits such a municipality from spending hotel occupancy tax revenue for the enhancement and upgrading of the facilities or fields in a total amount that exceeds the amount of area hotel revenue attributable to the enhancements and upgrades.

(b) Requires the municipality to reimburse from the municipality's general fund any expenditure in excess of the amount of area hotel revenue attributable to the enhancements and upgrades to the municipality's hotel occupancy tax revenue fund.

SECTION 3. Effective date: upon passage or September 1, 2005.