

BILL ANALYSIS

Senate Research Center

S.B. 1247
By: Harris
Economic Development
8/12/2009
Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Cities may charge a tax rate up to seven percent. However, some cities who meet the definition of an eligible central municipality are authorized to charge different rates ranging up to nine percent. Currently, the Tax Code provisions relating to municipal hotel occupancy allow for eligible central municipalities, those with a population of over 440,000, to receive a full rebate for sales and use tax, as well as hotel tax by a hotel development if it meets certain criteria, meaning the city would receive the six percent share that the state imposes. At this time, Arlington is not eligible to receive such a rebate.

S.B. 1247 amends current law relating to the imposition and use of the municipal hotel occupancy tax by certain eligible central 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 351.001(7), Tax Code, to redefine "eligible central municipality" as a municipality with a population of more than 140,000, rather than 440,000, but less than 1.5 million that is located in a county with a population of one million or more and that has adopted a capital improvement plan for the expansion of an existing convention center facility.

SECTION 2. Amends Section 351.003(b), Tax Code, to provide that this subsection does not apply to a municipality to which Section 351.106 (Allocation of Revenue: Populous Municipalities with Council-Manager Government) applies or to an eligible central municipality with a population of less than 440,000.

SECTION 3. (a) Amends Section 351.101(a), Tax Code, to authorize revenue from the municipal hotel occupancy tax to be used only to promote tourism and the convention and hotel industry, and that use is limited to certain purposes, including signage directing the public to sights and attractions that are visited frequently by hotel guests in the municipality.

(b) Effective date, this section: upon passage or September 1, 2009.

SECTION 4. Amends Sections 351.102(b) and (c), Tax Code, as follows:

(b) Authorizes an eligible central municipality to pledge the revenue derived from the tax imposed under this chapter from a hotel project that is owned by or located on land owned by the municipality or by a nonprofit corporation acting on behalf of an eligible central municipality and that is located within 1,000 feet of a convention center facility owned by the municipality for the payment of bonds or other obligations issued or incurred to acquire, lease, construct, and equip the hotel and any facilities ancillary to the hotel, including convention center entertainment-related facilities, restaurants, shops, and parking facilities within 1,000 feet of the hotel or convention center facility.

(c) Provides that a municipality to which Subsection (b) applies is entitled to receive all funds from a project described by this section that an owner of a project is authorized to receive under Section 151.429(h) (related to the recipients of certain sales and use tax) of

this code, or Section 2303.5055 (Refund, Rebate, or Payment of Tax Proceeds to Qualified Hotel Project), Government Code, and is authorized to pledge the funds for the payment of obligations issued under this section.

SECTION 5. Amends Section 1504.001(b), Government Code, to make a conforming change.

SECTION 6. Makes application of this Act prospective.

SECTION 7. Effective date, except as otherwise provided by this Act: September 1, 2009.