

## **BILL ANALYSIS**

Senate Research Center

S.B. 1703  
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Economic Development  
4/8/2013  
As Filed

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

The City of Beeville is experiencing exponential growth in hotel occupancy due to drilling activity in the Eagle Ford Shale.

S.B. 1703 allows up to 50 percent of the tax levied by the City of Beeville for up to 12 years to be spent on water infrastructure projects. The city will not be able to reduce the amount spent on tourism promotion below the average amount spent over the preceding three years. S.B. 1703 also allows Beeville to use up to 20 percent of this revenue to address certain transportation infrastructure damage.

As proposed, S.B. 1703 amends current law relating to the use of hotel occupancy tax revenue in certain municipalities and counties.

### **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 Subchapter B, Chapter 351, Tax Code, by adding Section 351.1067, as follows:

Sec. 351.1067. ALLOCATION OF REVENUE: CERTAIN MUNICIPALITIES IN COUNTIES THROUGH WHICH ARANSAS RIVER FLOWS. (a) Provides that this section applies only to a municipality located in a county with a population of less than 50,000 through which the Aransas River flows and that has a municipality with a population of more than 10,000.

(b) Authorizes a municipality to which this section applies, notwithstanding any other provision of this chapter, to use up to 50 percent of the hotel tax for a period of up to 12 years for the critical water infrastructure to address a severe drought that would directly impair area hotel activity. Prohibits a municipality to which this section applies from reducing the amount of revenue that it uses for a purpose described by Section 351.101(a)(3) (relating to the provision that revenue from the municipal hotel tax be used only for advertising, solicitations and promotional programs to promote tourism, and the convention and hotel industry) to an amount that is less than the average amount of revenue used by the municipality for that purpose during the 36-month period preceding the municipality's use of revenue under this subsection.

SECTION 2. Amends Subchapter B, Chapter 352, Tax Code, by adding Section 352.1041, as follows:

Sec. 352.1041. USE OF REVENUE: CERTAIN COUNTIES THROUGH WHICH ARANSAS RIVER FLOWS. Authorizes a county with a population of less than 50,000 through which the Aransas River flows and that has a municipality with a population of more than 10,000 and is authorized to impose a tax under this chapter, notwithstanding

any other provision of this chapter, to use up to 20 percent of the revenue from a tax imposed under this chapter to address certain transportation infrastructure damage that is directly attributable to hotel activity within the county.

SECTION 3. Effective date: upon passage or September 1, 2013.