

BILL ANALYSIS

Senate Research Center

S.B. 1221
By: Watson
Natural Resources & Economic Development
5/26/2017
Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The hotel occupancy tax is designed to help fund programs that increase tourism in cities. It allows cities to place a tax on occupant hotel rooms and generated revenue can help fund arts programs, expo centers, sports arenas, etc. Cities are allowed to allocate up to 15 percent of the tax revenue on arts programs, making the hotel occupancy tax the largest source of arts funding in the state.

According to the Texas comptroller of public accounts (comptroller), there is no comprehensive list of local hotel occupancy tax rates or even of jurisdictions levying the tax. In 2016, the Office of the Comptroller of Public Accounts of the State of Texas surveyed eligible Texas cities in an effort to collect more information about the tax, but only 27.2 percent of cities responded, further showing the need for a reporting requirement to the state.

S.B. 1221 aims to improve transparency about the hotel occupancy tax by requiring municipalities to file an annual report to the comptroller of the tax rate imposed by the municipality, the amount of revenue generated by the tax, and the amount and percentage of the revenue sent to each of the non-population bracketed beneficiaries of revenue as follows:

- Construction, improvement, or upkeep of convention centers and/or visitor information centers;
- Advertising to attract tourists and convention delegates;
- Historical restoration and preservation projects;
- Signage directing the public to sights and attractions that are visited frequently; and
- Arts programs.

Cities may report the information either through a form prescribed by the comptroller or by supplying to the comptroller a direct link to the location on the city website where the information can be found.

Texans for the Arts and the Texas Hotel & Lodging Association support this legislation. The City of El Paso and the City of Houston oppose this legislation.

S.B. 1221 amends current law relating to an annual report submitted to the comptroller by a municipality that imposes certain hotel occupancy taxes.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas comptroller of public accounts in SECTION 1 (Section 351.009, Tax Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter A, Chapter 351, Tax Code, by adding Section 351.009, as follows:

Sec. 351.009. ANNUAL REPORT TO COMPTROLLER. (a) Requires a municipality that imposes the tax authorized by this chapter (Municipal Hotel Occupancy Taxes), not later than February 20 of each year, to report to the Texas comptroller of public accounts (comptroller):

(1) the rate of the tax imposed by the municipality under this chapter and, if applicable, the tax imposed by the municipality under Subchapter H (Hotel Occupancy Taxes), Chapter 334 (Sports and Community Venues), Local Government Code;

(2) the amount of revenue collected during the municipality's preceding fiscal year from the tax imposed by the municipality under this chapter and, if applicable, the tax imposed by the municipality under Subchapter H, Chapter 334, Local Government Code; and

(3) the amount and percentage of the revenue described by Subdivision (2)(A) (relating to requiring a municipality that imposes certain taxes to report to the comptroller the amount of revenue collected from the tax imposed by the municipality during the preceding fiscal year) allocated by the municipality to each use described by Sections 351.101(a)(1) (relating to the acquisition of sites for making certain improvements to convention center facilities or visitor information centers, or both), (2) (relating to the furnishing of facilities, personnel, and materials for the registration of convention delegates or registrants), (3) (relating to advertising and other activities to attract tourists and convention delegates or registrants to the municipality or its vicinity), (4) (relating to limiting use of revenue from the hotel occupancy tax to, among other activities, the encouragement, promotion, improvement, and application of the arts), (5) (relating to historical restoration and preservation projects or activities or using different forms of advertisements to encourage tourists and convention delegates to visit historic sites or museums), and (9) (relating to signage directing the public to frequently visited sights and attractions), during the municipality's preceding fiscal year, stated separately as an amount and percentage for each of those subdivisions.

(b) Requires the municipality to make the required report by submitting the report to the comptroller on a form prescribed by the comptroller, or by providing the comptroller a direct link to, or a clear statement describing the location of, the information required to be reported that is posted on the municipality's Internet website.

(c) Requires the comptroller, subject to Subsection (b)(2) (relating to requiring the municipality to make a certain report available to the comptroller in a certain form on the Internet website of the municipality), to prescribe the form a municipality is required to use for the required report.

(d) Authorizes the comptroller to adopt rules necessary to administer this section.

SECTION 2. Requires the comptroller, as soon as practicable, but not later than January 1, 2018, to prescribe the form required by Section 351.009(c), Tax Code, as added by this Act.

SECTION 3. Requires a municipality to submit the initial report or otherwise provide the initial information required by Section 351.009, Tax Code, as added by this Act, not later than February 20, 2018.

SECTION 4. Effective date: upon passage or September 1, 2017.