

BILL ANALYSIS

Senate Research Center
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S.B. 1221
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Natural Resources & Economic Development
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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 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.

As proposed, 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 Tax), 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) allocated by the municipality for a use described by Section 351.101(a)(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), during the municipality's preceding fiscal year.

(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), 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.