

## **BILL ANALYSIS**

C.S.H.B. 3973  
By: Burrows  
Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Interested parties report that certain municipalities, such as the City of Brownfield, have expressed a desire to maintain, enhance, or upgrade sports facilities and fields to attract more sporting events and contend that these municipalities need a new funding mechanism to do so. C.S.H.B. 3973 seeks to authorize certain municipalities to use revenue derived from the municipal hotel occupancy tax for such purposes.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 3973 amends the Tax Code to authorize a municipality that is the county seat of a county that has a population of more than 10,000 and contains a portion of Mound Lake to use revenue derived from the municipal hotel occupancy tax to maintain, enhance, or upgrade a sports facility or field, provided that the municipality, if it uses the revenue to enhance or upgrade a sports facility or field, complies with certain requirements relating to the allocation of municipal hotel occupancy tax revenue for that purpose. The bill prohibits such a municipality from reducing the percentage of revenue derived from the municipal hotel occupancy tax and allocated for the promotion of tourism and the convention and hotel industry by advertising and conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity to a percentage that is less than the average percentage of that revenue allocated by the municipality for that purpose during the 36-month period preceding the date the municipality begins using the revenue to maintain, enhance, or upgrade a sports facility or field.

### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2017.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 3973 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Subchapter B, Chapter 351, Tax Code, is amended by adding Section 351.10711 to read as follows:

Sec. 351.10711. ALLOCATION OF REVENUE FOR MAINTENANCE, ENHANCEMENT, AND UPGRADE OF SPORTS FACILITIES AND FIELDS BY CERTAIN MUNICIPALITIES. (a) This section applies only to a municipality that is the county seat of a county that has a population of more than 10,000 and contains a portion of Mound Lake.

(b) Notwithstanding any other provision of this chapter, a municipality to which this section applies may use all or any portion of the revenue derived from the municipal hotel occupancy tax to maintain, enhance, or upgrade a sports facility or field.

No equivalent provision.

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Subchapter B, Chapter 351, Tax Code, is amended by adding Section 351.10711 to read as follows:

Sec. 351.10711. ALLOCATION OF REVENUE FOR MAINTENANCE, ENHANCEMENT, AND UPGRADE OF SPORTS FACILITIES AND FIELDS BY CERTAIN MUNICIPALITIES. (a) This section applies only to a municipality that is the county seat of a county that has a population of more than 10,000 and contains a portion of Mound Lake.

(b) In addition to other authorized uses, a municipality to which this section applies may use revenue derived from the tax imposed under this chapter to maintain, enhance, or upgrade a sports facility or field, provided that the requirements of Section 351.1076 are met if the municipality uses the revenue to enhance or upgrade a sports facility or field.

(c) A municipality that uses revenue derived from the tax imposed under this chapter as authorized by Subsection (b) may not reduce the percentage of revenue from the tax imposed under this chapter and allocated for a purpose described by Section 351.101(a)(3) to a percentage that is less than the average percentage of that revenue allocated by the municipality for that purpose during the 36-month period preceding the date the municipality begins using the revenue as authorized by Subsection (b).

SECTION 2. Section 351.1076(a), Tax Code, is amended to read as follows:

(a) 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) or 351.10711:

(1) shall 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; and

(2) may not spend 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.

SECTION 2. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2017.

SECTION 3. Same as introduced version.