

- SUBJECT:** Recreation taxes within park and recreation districts
- COMMITTEE:** Ways and Means — committee substitute recommended
- VOTE:** 7 ayes — Oliveira, McCall, Bonnen, Craddick, Hilbert, Keffer, T. King
0 nays
4 absent — Y. Davis, Heflin, Ramsay, Sadler
- WITNESSES:** For — Holly Gilman, Water Oriented District of Comal County; Jim Inman, Comal County Water Oriented Recreation District; Danny Scheel, Judge of Comal County
Against — None
On — Kery Barton, Office of the Comptroller
- BACKGROUND:** In 1987, the Legislature authorized the creation of park and recreation districts in counties with river frontage along the Comal and Guadalupe Rivers. To fund law enforcement and river cleanup activities, these districts were allowed to impose taxes of up to:
- ! 5 percent on a camping or picnic space;
 - ! 5 percent on river ingress or egress privileges costing at least \$1 each day;
 - ! 4 percent on hotel occupancy costing at least \$2 each day;
 - ! 5 percent on the cost of recreational guides, shuttle services, and parking;
 - ! 5 percent on the rental of watercraft, boat slips, life jackets, and fishing tackle; and
 - ! 5 percent on the initiation and membership fees of any private club or organization that owns watercraft and provides them for their members use.
- At present, the Comal County Water Oriented Recreation District is the only such district. It includes Canyon Lake and the Guadalupe River.
- DIGEST:** CSHB 3460 would maintain the 5 percent tax for recreation activities associated with a park and recreation district, but would eliminate the tax

from items costing less than \$1. The bill would change the tax for water equipment rentals associated with the Guadalupe River from 5 percent to \$1 per person and add kayak rentals.

The bill also would prohibit the rental of water-oriented recreational equipment to persons under the age of 18. Each person age 18 or above renting such equipment would have to sign a written agreement, and each person who would use the equipment, regardless of age, would have to be listed on the agreement.

CSHB 3460 would take effect September 1, 1999.

**SUPPORTERS
SAY:**

CSHB 3460 is essential to preserving tourism and water recreation in Comal County. The district estimates it will cost more than \$120,000 to implement a “zero tolerance” policy toward alcohol consumption and rowdy behavior along the Guadalupe River. This bill would provide about \$130,000 in new revenue by increasing the amount of tax paid on inner tube, kayak, and other watercraft rentals. These fees are collected by private outfitter businesses and paid to the district. A \$1-per-person fee would be easy to administer and would not place an undue burden on the river’s users.

Texas law prohibits minors under the age of 18 from entering into contracts. The bill’s provision that minors could not rent equipment in their name would be consistent with Texas law and ensure adequate adult supervision of minors along the river and Canyon Lake.

**OPPONENTS
SAY:**

The bill would allow one single county in Texas to increase its sales tax, a tax that, in effect, is already well above the state and local sales tax limit of 8.25 percent. Comal County assesses a 0.5 percent sales tax, which means that area merchants collect a 6.75 percent sales tax, except on certain watercraft rental, for which the effective sales tax is 11.75 percent. Changing the tax on some rentals to \$1 would increase this sales tax even more.

Comal County generates substantial local tax revenues from tourism. It is not unfair for local residents and business owners to share the costs of river cleanup and law enforcement activities with river users.

NOTES: The substitute is a Legislative Council draft that rearrange several provisions and also would require that names of all persons using rental equipment be listed on the rental agreement.