

## **BILL ANALYSIS**

Senate Research Center  
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S.B. 1508  
By: Truan  
Intergovernmental Relations  
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### **DIGEST**

Currently, Texas law provides that the rate and allocation of the hotel occupancy tax differs in certain municipalities. Those municipalities use tax revenue to directly enhance and promote tourism and the convention and hotel industry. S.B. 1508 would prohibit tax revenue from hotel occupancy from being used for general revenue purposes or general governmental operations of a municipality.

### **PURPOSE**

As proposed, S.B. 1508 prohibits the hotel occupancy tax from being used for certain municipality purposes.

### **RULEMAKING AUTHORITY**

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 351.003, Tax Code, by adding Subsection (d), to prohibit the rate in a municipality that borders on the Gulf of Mexico and has a population of more than 250,000 from exceeding nine percent of the price paid for a room.

SECTION 2. Amends Chapter 352B, Tax Code, by adding Section 352.109, as follows:

Sec. 352.109. USE OF REVENUE; CERTAIN LARGE COASTAL MUNICIPALITIES. Provides that this section applies only to a municipality that borders on the Gulf of Mexico and has a population of more than 250,000. Requires a municipality to which this section applies to separately account for all revenue derived from the application of the tax imposed by this chapter at a rate of more than seven percent of the cost of a room. Authorizes the revenue described by Subsection (b) to be used only for certain conditions. Provides that for the purpose of the allocation of revenue under Section 351.103, revenue described by Subsection (b) is not counted.

SECTION 3. Provides that the increased tax rate does not apply to the tax imposed on the use or possession of a room under a contract executed before the effective date of this Act that provides for the payment of the tax at the rate in effect when the contract was executed, unless the contract is subject to change or modification by reason of the tax rate increase, if on or after the effective date of this Act a municipality increases the rate of the tax authorized by Section 351.003(d), Tax Code, as added by this Act. Provides that the tax rate applicable to the use or possession of a room under the contract is the rate in effect when the contract was executed, and the law governing that rate is continued in effect for that purpose.

SECTION 4. Emergency clause.

Effective date: upon passage.