

## **BILL ANALYSIS**

Senate Research Center  
77R4229 DAK-D

H.B. 1886  
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Intergovernmental Relations  
5/5/2001  
Engrossed

### **DIGEST AND PURPOSE**

Current law allows a hotel occupancy tax to be collected by certain municipalities with tax rate ceilings set according to population. At present, an "eligible municipality" is defined as a municipality with a population of at least 1,200,000 and that has adopted by ordinance a capital improvement plan for convention and exposition facilities for the municipality. There are no longer any cities in the state that fit the definition of an "eligible municipality." However, language relating to such municipalities still remains in the law, leading to some confusion. H.B. 1886 removes the definition of "eligible municipality" and modifies the definition of "eligible central municipality." This bill also requires the city that collects hotel motel taxes to allocate a minimum amount toward advertising and promotional programs to attract tourists to the municipality.

### **RULEMAKING AUTHORITY**

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

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Sections 351.001(3)-(10), Tax Code, to delete text defining "eligible municipality," redefine "eligible central municipality," and make nonsubstantive changes.

SECTION 2. Amends Sections 351.003(b), (c), and (d), Tax Code, to make conforming and nonsubstantive changes.

SECTION 3. Amends Sections 351.101(d)-(j), Tax Code, as follows:

- (d) Deletes existing Subsection (d). Redesignates existing Subsection (e) as Subsection (d).
- (e) Redesignates existing Subsection (f) as Subsection (e).
- (f) Redesignates existing Subsection (g) as Subsection (f).
- (g) Redesignates existing Subsection (i) as Subsection (g).
- (h) Deletes existing Subsection (h).
- (j) Deletes existing Subsection (j).

SECTION 4. Amends Sections 351.102(b) and (c), Tax Code, to delete existing Subsection (b) and redesignate existing Subsection (c) as Subsection (b).

SECTION 5. Amends Sections 351.103(b) and (c), Tax Code, as follows:

(b) Prohibits the portion of the tax revenue allocated by a municipality with a population of more than 1.6 million for the purposes provided by Section 351.101(a)(3) (rather than Section 351.101(a)(1)) from being less than 23 (rather than exceeding 75) percent, except that the allocation is subject to and is prohibited from impairing the authority of the municipality to pledge all or any portion of that tax revenue to the payment of bonds as provided by Section 351.102(a). Makes conforming changes.

(c) Deletes text providing that this subsection does not apply to an eligible municipality that imposes the tax authorized by this chapter at a rate that is less than seven percent of the price paid for a room in a hotel.

SECTION 6. Repealer: Section 351.104 (Allocation of Revenue: Eligible Municipalities), Tax Code.

SECTION 7. Effective date: upon passage or September 1, 2001.