

AN ACT

relating to authorizing certain counties to impose a hotel occupancy tax, the applicability and rates of that tax in certain counties, and the use of revenue from that tax.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 352.002, Tax Code, is amended by amending Subsection (d) and adding Subsections (bb) and (dd) to read as follows:

(d) The tax imposed by a county authorized by Subsection (a)(6) [~~(a)(4), (6)~~], (8), (9), (10), (11), (14), (15), (17), (19), (20), (21), (23), or (29) to impose the tax does not apply to a hotel located in a municipality that imposes a tax under Chapter 351 applicable to the hotel. This subsection does not apply to:

(1) a county authorized by Subsection (a)(6) to impose the tax that:

(A) has a population of less than 40,000 and adjoins the most populous county in this state; or

(B) has a population of more than 200,000 and borders the Neches River; or

(2) a county authorized by Subsection (a)(9) to impose the tax that has a population of more than 9,000.

(bb) The commissioners court of a county with a population of less than 60,000 in which an annual strawberry festival is held in a location that is not the county seat of the county may impose a tax as provided by Subsection (a).

(dd) The commissioners court of a county with a population of not more than 40,000 that borders the Red River and includes a wildlife management area may impose a tax as provided by Subsection (a). A tax imposed under this subsection does not apply to a hotel located in a municipality that imposes a tax under Chapter 351 applicable to the hotel.

SECTION 2. Section 352.003, Tax Code, is amended by adding Subsections (y) and (z) to read as follows:

(y) The tax rate in a county authorized to impose the tax under Section 352.002(a)(4) may not exceed two percent of the price paid for a room in a hotel.

(z) The tax rate in a county authorized to impose the tax under Section 352.002(bb) may not exceed two percent of the price paid for a room in a hotel.

SECTION 3. Subchapter B, Chapter 352, Tax Code, is amended by adding Sections 352.112 and 352.114 to read as follows:

Sec. 352.112. USE OF REVENUE: CERTAIN COUNTIES HOLDING AN ANNUAL STRAWBERRY FESTIVAL. The revenue from a tax imposed under this chapter by a county authorized to impose the tax under Section 352.002(bb) may be used only for the construction, enlarging, equipping, improvement, maintenance, repairing, and operation of a civic center with an arena used for rodeos, livestock shows, and agricultural expositions to substantially enhance hotel activity and encourage tourism.

Sec. 352.114. USE OF REVENUE: CERTAIN COUNTIES CONTAINING AN INDIAN RESERVATION. (a) In addition to the purposes authorized by this chapter, the revenue from a tax imposed under this chapter by a county authorized to impose the tax under Section 352.002(a)(4) may be used to make repairs and improvements to the county airport or to provide reimbursement for repairs and improvements to the airport.

(b) A county to which this section applies may not use revenue from a tax imposed under this chapter for a purpose

described by Subsection (a) in a total amount that would exceed the amount of hotel revenue in the county that is likely to be reasonably attributable to guests traveling through the airport during the 15-year period beginning on the date the county first uses the tax revenue for that purpose.

(c) A county to which this section applies may not use revenue from a tax imposed under this chapter for a purpose described by Subsection (a) after the 10th anniversary of the date the county first uses the revenue for that purpose.

SECTION 4. This Act takes effect September 1, 2021.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 696 passed the Senate on April 29, 2021, by the following vote: Yeas 27, Nays 3, one present not voting; May 25, 2021, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 27, 2021, House granted request of the Senate; May 30, 2021, Senate adopted Conference Committee Report by the following vote: Yeas 26, Nays 4, one present not voting.

Secretary of the Senate

I hereby certify that S.B. No. 696 passed the House, with amendments, on May 13, 2021, by the following vote: Yeas 93, Nays 52, one present not voting; May 27, 2021, House granted request of the Senate for appointment of Conference Committee; May 30, 2021, House adopted Conference Committee Report by the following vote: Yeas 83, Nays 57, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor