Chapter 223

S.B. No. 440

AN ACT
relating to the use by certain municipalities of hotel occupancy
tax revenue to improve or expand certain airports.

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

SECTION 1. Subchapter B, Chapter 351, Tax Code, is amended
by adding Section 351.1036 to read as follows:

Sec. 351.1036. ALLOCATION OF REVENUE FOR AIRPORTS BY
CERTAIN MUNICIPALITIES IN BORDER COUNTIES. (a) This section
applies only to a municipality that is the county seat of a county
that borders:

(1) the United Mexican States;
(2) a county described by Section 352.002(a)(7); and
(3) a county described by Section 352.002(a)(14).

(b) Notwithstanding any other provision of this chapter, a
municipality to which this section applies may use municipal hotel
occupancy tax revenue to improve or expand an airport:

(1) owned by the county in which the municipality is
located;
(2) located more than 150 miles from the nearest
airport in this state with regularly scheduled commercial airline
flights; and
(3) substantially used for private air service that
transports individuals staying at hotels in or near the
municipality.
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(c) A municipality to which this section applies may not use municipal hotel occupancy tax revenue to improve or expand an airport described by Subsection (b):

(1) in an amount each fiscal year that exceeds 15 percent of the hotel occupancy tax revenue collected by the municipality during that year; or

(2) in a total amount under this section that would exceed the amount of hotel revenue in the municipality that is likely to be reasonably attributable to guests traveling through the airport during the 15-year period beginning on the date the municipality first uses municipal hotel occupancy tax revenue to improve or expand the airport.

(d) A municipality to which this section applies may not use municipal hotel occupancy tax revenue to improve or expand an airport described by Subsection (b) after the 10th anniversary of the date the municipality first uses that revenue for that purpose.

(e) The governing body of a municipality shall retain sufficient control over revenue described by this section to ensure the revenue is used to benefit the municipality by improving or expanding an airport described by Subsection (b).

(f) This section expires December 31, 2032.

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.
I hereby certify that S.B. No. 440 passed the Senate on April 4, 2017, by the following vote: Yeas 29, Nays 2.

I hereby certify that S.B. No. 440 passed the House on May 21, 2017, by the following vote: Yeas 107, Nays 32, one present not voting.
TO: Honorable Craig Estes, Chair, Senate Committee on Natural Resources & Economic Development

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB440 by Rodríguez (relating to the use by certain municipalities of hotel occupancy tax revenue to improve or expand certain airports.), Committee Report 1st House, Substituted

No fiscal implication to the State is anticipated.

The bill would amend Chapter 351 of the Tax Code, regarding municipal hotel occupancy taxes, to add new Section 351.1036 to authorize a municipality that is the county seat of a county that borders (1) the United Mexican States; (2) a county described by Section 352.002(a)(7); and (3) a county described by Section 352.002(a)(14), to use municipal hotel occupancy taxes to improve or expand an airport. The bill would have no state revenue implications.

The bill would take effect immediately if it receives a vote of two-thirds of all the members elected to each house; otherwise it would take effect September 1, 2017.

Local Government Impact

The bill would permit the city of Marfa to use municipal hotel occupancy tax revenue to improve or expand an airport described in the bill, and would limit the amount of municipal hotel tax revenue that may be used for that purpose. The new section would expire on December 31, 2032.

Source Agencies: 304 Comptroller of Public Accounts
LBB Staff: UP, SZ, SD, KK
TO: Honorable Craig Estes, Chair, Senate Committee on Natural Resources & Economic Development

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB440 by Rodríguez (Relating to the use by certain municipalities of hotel occupancy tax revenue to improve or expand certain airports.), As Introduced

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The bill would amend Chapter 351 of the Tax Code, regarding municipal hotel occupancy taxes, to add new Section 351.1036 to authorize a municipality that is the county seat of a county that borders (1) the United Mexican States; (2) a county described by Section 352.002(a)(7); and (3) a county described by Section 352.002(a)(14), to use municipal hotel occupancy taxes to improve or expand an airport. The bill would have no state revenue implications.

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