



SB 1319

Testimony Before the Texas Senate Committee on Natural Resources & Economic Development

by Carine Martinez, Senior Policy Analyst

Mr. Chairman, Members of the Committee:

My name is Carine Martinez. I am a senior policy analyst at the Texas Public Policy Foundation. Thank you for the opportunity to testify today in support of [SB 1319](#).

Visitors to the most populated cities in Texas pay between 15 percent and 17.5 percent in hotel occupancy taxes (HOTs) on the price of their hotel rooms. With a hotel occupancy tax that can be levied at several levels—state, municipalities, counties, and the additional sports and community venues tax—Texas has some of the highest rates in the country.

Yet, it remains difficult to know exactly how many municipalities and counties levy the tax, in many cases what the rate is—information that some, although certainly not all, municipalities or counties make available on their website, and for what purposes, within the scope of authorized expenditures, the revenues are spent.

In 2016, in an effort to have a better idea of where and for what purposes the tax was levied, [the Comptroller surveyed municipalities and counties on their use of the hotel occupancy tax](#). Only 27.2 percent and 22.4 percent, respectively, answered the survey.

Mostly similar to [a bill passed by the 85th Legislature](#) for municipalities, SB 1319 would require that counties report annually to the Comptroller the tax rate of the hotel occupancy tax they may impose under Chapter 352 of the Tax Code (County Hotel Occupancy Tax) or under Chapter 334 of the Local Government Code (Sports and Community Venues), and the revenues generated by these taxes the preceding fiscal year.

SB 1319 would be a good starting point to have more information on Texas' county HOTs. It is crucial for Texas to analyze how efficient these taxes are at bringing more visitors and what their opportunity cost is. Research has shown that one of the uses for their revenues—[supporting the convention center industry—has proven unprofitable](#) and often generates fewer visitors than expected in many cities.

What we currently see is that hotel occupancy taxes are paid by visitors and bring money to local governments. What we can't immediately see, though, is how these levies on visitors could negatively impact local communities. Each dollar spent by visitors in paying taxes is a dollar not spent at a local restaurant or a local shop, or it can mean a shorter stay at the local hotel.

We support SB 1319 because it is a good transparency bill, and it could make available information that is necessary to know how much visitors are paying. A next good step would be to know exactly what these revenues are paying for to determine the efficiency and impact these taxes have on local communities.

Thank you for your time. I'd be glad to answer any questions you may have. ★

