

- SUBJECT:** State hotel tax revenue use by New Braunfels to remove river litter
- COMMITTEE:** Local Government Ways and Means — committee substitute recommended
- VOTE:** 5 ayes — Hill, Creighton, Elkins, Quintanilla, Villarreal
0 nays
2 absent — C. Howard, Puente
- WITNESSES:** For — Bruce R. Boyer, City of New Braunfels; Scott Joslove, Texas Hotel and Lodging Association; Michael Meek, Greater New Braunfels Chamber of Commerce, Inc.
Against — None
On — LaNell Aston, Texas General Land Office
- BACKGROUND:** Tax Code, ch. 156 governs the state hotel occupancy tax, which imposes a tax of 6 percent on the price paid for a hotel room. Hotel tax revenues are deposited into the general revenue fund, and one-twelfth of these funds are allocated to support state tourism promotion activities.
- DIGEST:** CSHB 1458 would amend Tax Code, ch. 156 by allowing the city of New Braunfels to receive up to 2 percent of the state hotel occupancy tax generated by its hotels for the sole purpose of removing trash and litter from state-owned rivers that run through its boundaries.
- The bill would apply to a municipality (New Braunfels) that:
- had a population of less than 75,000;
 - was located within a county where a park and recreation district had been created under of the Local Government Code, ch. 324 (Comal County); and
 - received more than 175,000 visitors who took part in recreational activities on state-owned rivers located in the municipality in the fiscal year prior to the one in which funds were requested.

The municipality would receive the funds quarterly and could not receive more than the actual amount it spent per quarter to clean the rivers. The municipality would be responsible for documenting to the comptroller how many tourists visited the river and how much the municipality spent removing litter and trash.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect October 1, 2007.

**SUPPORTERS
SAY:**

CSHB 1458 would return a small portion of the taxes generated by hotels in New Braunfels to help that city keep the Guadalupe and Comal rivers free of trash and litter. In fiscal 2008, the bill would generate about \$40,000 to support the city's river-cleaning efforts, which cost about \$100,000 per year in total. The city currently relies heavily on volunteer efforts to pick up trash around the rivers about once or twice per month. With the extra funding, the city could afford to remove trash from the rivers up to four times a week.

The need for such frequent cleaning is a direct result of the high volume of tourists on the rivers. The trash and litter they leave behind creates a substantial financial burden for the city of New Braunfels. The city does not have the authority to limit what people bring onto the rivers and therefore cannot manage the amount of trash being left in the rivers without extra funding.

Because the Guadalupe and Comal are state-owned rivers, it is in the best interest of the state to keep those rivers clean for ecological and economic purposes. Keeping the rivers clean would encourage more tourists to visit, which would generate more money for the state in the form of sales and hotel tax revenues. Even though the bill would redirect a small amount of general revenue, the state ultimately would gain by keeping valuable state property clean.

Galveston and South Padre Island both benefit from similar statutes that help keep their beaches free of tourist-related litter and trash. Like these communities, New Braunfels is a city in which the annual number of tourists greatly outnumbers the permanent residents. Therefore, New Braunfels also deserves similar consideration under the state's hotel tax law.

OPPONENTS
SAY:

Even though the amount of money would be relatively small, this bill would result in a loss of general-revenue related funds that could be used to support other state functions. In addition, CSHB 1458 could set a precedent allowing other municipalities to request legislation for the diversion of general revenue to meet specific needs in those communities, which could lead to substantial losses of general revenue.

NOTES:

Unlike the bill as introduced, the committee substitute would:

- apply only to New Braunfels following a year in which 175,000 people visited the city's recreational areas;
- require New Braunfels to use the money only for river clean-up and would not allow the city to receive more than the amount it spent each year for this purpose;
- require New Braunfels to document the number of tourists and the amount spent on river clean-up to the comptroller; and
- allow the bill to take immediate effect with a two-thirds vote in each house.

The companion bill, SB 595 by Wentworth, is pending in the Senate Finance Committee.

According to estimates from the Legislative Budget Board, CSHB 1458 would cost \$81,000 in general revenue-related funds in fiscal 2008-09. The city of New Braunfels would experience a corresponding gain of \$81,000 during this period.

CSHB 1458 originally was set on the April 24 General State Calendar and was recommitted to committee.