

Texas Travel Alliance 2024 Mid-Year Update

The Texas Travel Alliance is continuing to work on legislative issues with its members, tourism industry partners, members of the legislature and the Governor's office.

Our legislative team is engaging in and monitoring additional legislative interim committee charges such as property tax relief, escalating costs in insurance premiums, enhancing workforce productivity, transportation funding, proposed Hotel Occupancy Tax statute changes, proposed changes to the Events Trust Fund and Major Events Reimbursement Program.

The following is a summary of our research and engagement on several key issues:

MAJOR EVENTS REIMBURSEMENT PROGRAM AND EVENTS TRUST FUND

The Governor's office released draft recommendations on June 21, 2024, regarding changes in the Events Trust Fund and Major Events Reimbursement Program. As part of the explanation from the Governor's office on the draft rules the draft rules state, *"As part of its review under Section 2001.039, Texas Government Code, the Office determined Chapter 184, concerning Sports and Events Trust Fund (the "Program"), should be repealed and replaced in its entirety with new rules that are substantially similar, but that have been reorganized for comprehensibility and readability, and from which unnecessary or outdated language has been removed. The proposed new rules also provide additional guidance, simplicity, and clarity about the types of expenditures that may be reimbursed, the documentation required to support reimbursement requests, remove references to a program that has not been utilized, and implement other changes to promote efficiency and ensure consistency in the application of program rules."*

The Governor's office at this time does not intend to discuss the proposed rules during the public comment period but encourages everyone interested to submit their comments prior to August 4, 2024. TTA has sent a comment form out to members to collect feedback.

Senate Natural Resources and Economic Development Committee - Interim Charge on HOT

In the spring and recently in June, the TTA team engaged with members of the Senate Natural Resources and Economic Development (NRED) Committee and its staff on interim charges.

On June 13th, the Senate Natural Resources and Economic Development Committee met to take up and consider a number of interim committee charges, assigned by the Lieutenant Governor. One very important charge discussed during the June meeting was regarding hotel occupancy tax. The charge read, *"Protecting Local Taxpayers: Examine current use and imposition of local option hotel occupancy taxes. Makes recommendations to enhance accountability and increase transparency in the use of these funds."*

During the hearing, the Committee received an update from the Texas Comptroller's office on legislation that was passed by the Legislature in 2023 that would require cities to report their hotel occupancy tax usage.

Amanda Garcia testified on behalf of the Texas Travel Alliance, expressing the importance of maintaining the use of hotel occupancy tax for its intended use. Amanda testified, "We appreciate the Legislature continuing to examine the proper use of local-option hotel occupancy taxes and working to improve transparency on the issue."

In her testimony, she also stated, “Hotel occupancy taxes cannot and should not be used to fill holes in the general budget, as this diminishes the ability of occupancy tax dollars to maximize marketing returns to the community.”

The city of Marfa also testified during the Senate Natural Resources and Economic Development Committee hearing and requested the committee to consider a percentage of the local HOT revenue be used for road and water infrastructure. Two Senators on the committee, who also expressed interest in using HOT for infrastructure, specifically mentioned water and road infrastructure. Although Committee Chairman Birdwell is committed to strict use of HOT revenue to promote tourism, he asked the question of what may be done for these cities to assist on their infrastructure needs.

Regarding water infrastructure, the legislature and voters of this state passed legislation to increase water infrastructure funding for the state, in addition to the State Water Plan. In speaking with the Texas Water Development Board Government Relations Director, we learned he had already reached out to one of the offices. We have put the other office in touch with the agency to help them understand the city’s options.

To address the second issue, road infrastructure, we have sought additional information from both offices as to who maintains the roads in question: city, county, or state. We are gathering for this information and will follow up with the staff.

Based on additional research, we have identified several other options that these cities may pursue for streets and infrastructure funding. The resources we found and recommended are listed below.

Senate NRED Committee Follow-up After Hearing

Texas Travel Alliance legislative team met with the Committee Director to discuss and examine infrastructure funding opportunities for cities and reiterate our unwavering support for HOT being used only for statutorily intended purposes. Several potential revenue sources were discussed with the Committee Director that may include amending various funding mechanisms to better apply to such infrastructure projects so that HOT funds would no longer be seen as the only resource. Additionally, we reached out to the Senators who mentioned specific infrastructure needs to learn more. We committed to help find solutions, however, we told them we would remain firm and oppose any measure which would alter the law regarding hotel occupancy taxes intended use. The Texas Travel Alliance also reached out and discussed potential funding sources with the Texas Municipal League and looks forward to continued dialogue for solutions.

Recommendations for Cities Looking for Additional Infrastructure Revenues:

Currently, Marfa, Texas has a population of 1,788 and is located in Presidio County (population 6,131). Amending Local Government Code 372 to include the population description of Marfa, even for a limited period to provide revenue assessment, may be a solution for additional infrastructure funding.

Public Improvement Districts

Local Government Code Chapter 372 outlines uses of acquiring, constructing, improving, widening, narrowing, closing, or rerouting of sidewalks or of streets, any other roadways, or their rights-of-way; acquiring, constructing, improving, widening, narrowing, closing, or rerouting of sidewalks **or of streets, any other roadways**, or their

rights-of-way; acquiring, constructing, improving, widening, narrowing, closing, or rerouting of sidewalks or of streets, any other roadways, or their rights-of-way;

4a, 4b Funding

Local Government Code, Chapter 504 and 505 describe municipalities under certain population restrictions can create a 4a or 4b corporations. More specifically, Section 505.158 specifies projects related to business development in certain small communities. For a Type B corporation authorized to be created by a municipality with a population of 20,000 or less, "project" also includes the land, buildings, equipment, facilities, expenditures, targeted infrastructure, and improvements found by the corporation's board of directors to promote new or expanded business development. According to the Texas Comptroller's website, the city of Marfa is a 4b corporation.

Municipal Planning and Development

Local Government Code, Section 375, describes a Municipal Planning and Development District that specifies authority for road projects. The creation of each district is necessary to promote, develop, encourage, and maintain employment, commerce, economic development, and the public welfare in the commercial areas of municipalities and metropolitan areas of this state

Under Section [52](#), Article III, Texas Constitution, a district may design, acquire, construct, finance, issue bonds for, improve, operate, maintain, and convey to this state, a county, or a municipality for operation and maintenance macadamized, graveled, or paved roads, or improvements, including storm drainage, in aid of those roads.