

The Texas Hotel Industry, Texas Travel Alliance, and Texas Convention and Visitors Bureaus ask for your support:

Please Oppose Any Bills Expanding the Eligible Uses of the Local Hotel Tax to Include General Infrastructure Items

Dedication of Local Hotel Tax:

Since its inception, the Local Hotel Tax has been statutorily dedicated to directly promoting local tourism, hotel and convention activity. State law specifically prohibits local governments from using the dedicated local hotel tax for general infrastructure items that should be paid for by property taxes and other general city revenues.

Impact of the Dedicated Local Hotel Tax:

- **Local Tax Revenue:** Local tourism activity generates \$3 billion in local tax revenues.
- **Overall Business Impact:** Overnight visitors frequent area restaurants, retail establishments, attractions, bars and other service businesses, providing a vital boost to the employment and economic vitality of the local area.

Some Local Governments May Seek to Broaden the State Statutes to Allow Use of Local Hotel Tax for General Infrastructure Items:

- We may see proposals to use local hotel tax for public works, law enforcement, local parks, etc.
- Violates the traditional statutory dedication of these funds for the direct promotion of tourism.
- Lodging and tourism businesses already pay more than their share of local government costs for public safety, parks, and for the city costs related to tourism events:
 - Pay substantial property taxes, alcohol taxes, sales taxes, permit fees, etc.
 - The general sales tax, alcohol tax, and property tax revenues generated from the tourism industry can be used by the city for any public purpose. Only the hotel tax is dedicated in its uses by the city.
- The dedication of local hotel tax revenue is vital to ensuring continued local tourism promotion.
- If a local government has surplus hotel tax funds, it can choose to lower the local hotel tax rate.

Please oppose any statutory proposals that would broaden the eligible uses of the dedicated local hotel tax to include general infrastructure items.

Legislative Contacts:

Scott Joslove, President & CEO
Texas Hotel & Lodging Assn.
(512) 474-2996

Mike Toomey and Carrie Simmons
(512) 473-2646