Judge Looten

Travis Ransom - Cass County
County Judge

HOT Exemption for Counties (90th Legislative Session)

Judges -

Please find attached resolution of support for your commissioners court consideration. Background information below. Please email me completed resolutions of support at travis.ransom@casscountytx.gov and feel free to pass along to your respective legislators.

The State Hotel Occupancy tax is imposed on a person who pays for a room or space in a hotel that costs $15 or more per day levied on room receipts. In 1972, with a state rate of 3 percent, tax collections totaled $8.5 million. Legislation in 1984 and 1987 brought the rate to the current 6 percent (in addition to the local-option hotel taxes, at various rates, levied in many locations). Collections (excluding the allocation to trusts) reached $601.2 million in 2018. By the end of 2020, revenues excluding allocations to trusts dipped to $470.7 million due to limited travel caused by the coronavirus pandemic. Other non-legislative factors affecting the growth of revenue collections include population change, business travel and inflation. By the end of 2022, Hotel Occupancy tax collections nearly doubled the 2020 revenue amounts with $700 million in collections, excluding the allocation to trusts. Collections continued to increase, reaching $777.9 million in 2023, before decreasing by a modest 2.8 percent in fiscal 2024 to $755.8 million due to higher payments for hotel projects in project finance zones. 2025 revenues increased to $812.9 million. Since 1972, Hotel Occupancy tax collections have had an average annual growth of 9.0 percent. The State hotel occupancy tax for FY 2024 represented 0.9% of all funds, excluding trusts.

Several exemptions to the state hotel occupancy tax are United States federal agencies or foreign diplomats, Texas State Government officials and employees, charitable entities, educational entities, religious organizations, and several other entities exempt by other Federal or State Law. Texas County Governments, their officials and employees are not currently exempt. Counties receive most of their revenue through ad valorum property taxes. Remitting a sales tax to the state with revenue gained from a property tax results in tax churn; when one taxing entity taxes another when they serve the same taxpayers.

This proposed legislation would exempt county governments, their officials, and employees from the STATE hotel occupancy tax when traveling on official business and allow for the submittal of a Texas Hotel Occupancy Tax Exemption Certificate to waive the 6% state hotel occupancy tax. Alternatively, counties could seek reimbursement through the state comptroller's office for hotel occupancy taxes paid. This exemption would not apply to local hotel occupancy taxes.

Let me know if you have any questions!

Travis Ransom

Cass County Judge

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