

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 78TH LEGISLATURE 4TH CALLED SESSION - 2004

May 10, 2004

TO: Honorable Frank Madla, Chair, Senate Committee on Intergovernmental Relations

FROM: John Keel, Director, Legislative Budget Board

IN RE: SB12 by West (Relating to the financing of certain sports and community venues.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would amend Chapter 334, Local Government Code, to allow cities and counties that undertake certain sports and community venue projects, to finance the project with a local short-term motor vehicle rental tax and a local hotel occupancy tax if the project would be part of a municipal parks and recreation system. Under Section 334.001(4)(A), the project would have to be an arena, coliseum, stadium, or other type of area or facility for which a fee for admission to events is charged or planned to be charged.

The bill would take effect immediately upon enactment if it were to receive the requisite two-thirds vote in both houses of the Legislature; otherwise, it would take effect on the 91st day after the last day of the legislative session.

Under current law, funding certain sports and community venue projects with a local short-term motor vehicle rental tax or a local hotel occupancy tax is prohibited if the project will be part of a municipal parks and recreation system.

Local Government Impact

According to data collected by the Comptroller of Public Accounts, the Harris County–Houston Sports Authority collected \$13.3 million in calendar year 2003 from its 2 percent hotel occupancy tax and \$15.6 million in the same period from its 5 percent short-term motor vehicle rental tax. Bexar County collected \$8.8 million in hotel tax collections at a 1.75 percent rate and \$5.4 million in motor vehicle rental tax collections at a 5 percent rate.

Dallas County does not currently impose a hotel occupancy tax, but if it had in 2003, at a rate of 3 percent, the approximate revenue from the tax would have been nearly \$21 million. Dallas County did not have vehicle rental data available; therefore, no estimates were projected.

If a county were to ask and receive voter approval to assess hotel occupancy taxes and short-term vehicle rental taxes for the purpose of funding an applicable venue, the county would experience a revenue gain. The amount of revenue would vary by county, depending on the volume of hotel occupancy and short-term vehicle rentals that occur, as well as by what rate the taxes would be set within the statutorily allowed amounts.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JK, DLBa