

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 2, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB1459 by Eiland (Relating to hotel taxes in certain coastal municipalities with a population of less than 5,000.), **As Engrossed**

No fiscal implication to the State is anticipated.

The bill would amend Section 351.001(3) of the Tax Code to include certain municipalities with a population of less than 5,000 in the definition of an eligible coastal municipality.

The bill would amend Section 351.1055 of the Tax Code to define "beach security" as beach patrol, lifeguard services, marine water safety, and park law enforcement. The bill would allow an eligible coastal municipality with a population of less than 5,000 to use all or any portion of the municipal hotel tax revenue it collects to clean and maintain beaches, to provide beach security within the municipality, and to pay principal or interest on bonds or notes for any purpose allowed by Section 351.105 of the Tax Code.

The bill would amend Section 351.003 (c) of the Tax Code to allow an eligible coastal municipality with a population of 5,000 or less to impose a municipal hotel tax rate not to exceed nine percent of the price paid for a room.

Currently, the city of Galveston is the only municipality qualifying as an eligible coastal municipality. The bill would add the municipality of Jamaica Beach to the list of eligible coastal municipalities.

Currently, the municipality of Jamaica Beach imposes a municipal hotel tax rate of seven percent. Under this bill, it would be allowed to raise the rate to nine percent. It is not known if the municipality of Jamaica Beach would raise the municipal hotel occupancy tax rate to nine percent; however, were Jamaica Beach to do so, the additional revenue would be negligible.

The bill would take effect September 1, 2003.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JK, DLBa, WP, SD