

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 22, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB2718 by Smith, Wayne (Relating to the allocation and use of municipal hotel occupancy taxes in certain municipalities bordering bays.), **Committee Report 2nd House, Substituted**

No fiscal implication to the State is anticipated.

The bill would amend Chapter 351 of the Tax Code to allow certain municipalities to use no more than 10 percent of the municipal hotel occupancy tax for the payment of the bonds that the municipality or a park board of trustees may issue under Section 1504.002(a), Government Code, or under Chapter 306, Local Government Code, to clean and maintain adjacent public land, or to mitigate coastal erosion on adjacent public land.

Eligible municipalities would be defined as those home-rule municipalities that border a bay, are not eligible coastal municipalities, and that have a population of less than 80,000.

An eligible municipality could not reduce the amount of revenue that was used for advertising and conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity to an amount less than the average amount of revenue used by the municipality for that purpose during the 36-month period that preceded the municipality's use of revenue as described above.

Under the provisions of the bill and at the current time, the municipalities of Ingleside, Portland, Aransas Pass, La Porte, Seabrook, Port Lavaca, Rockport, and Baytown would meet the eligibility requirements.

Current law stipulates that revenue from the municipal hotel occupancy tax may be used for certain purposes only, including: promotion of tourism and acquisition of sites for construction of convention center facilities or visitor information centers; furnishing of facilities, personnel, and materials for the registration of convention delegates or registrants; or advertising and conducting solicitations and promotional programs to attract tourists and convention delegates. This bill would expand the purposes for which the funds could be used.

This 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