

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**March 25, 2003**

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

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: SB1111** by West (Relating to the rate of hotel occupancy and motor vehicle rental taxes used to finance venue projects in certain counties.), **As Introduced**

<b>Estimated Two-year Net Impact to General Revenue Related Funds</b> for SB1111, As Introduced: an impact of \$0 through the biennium ending August 31, 2005.
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**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$0
2005	\$0
2006	\$0
2007	\$0
2008	\$0

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue Gain/(Loss) from <i>Dallas County</i>
2004	\$36,440,000
2005	\$37,472,000
2006	\$38,649,000
2007	\$40,156,000
2008	\$41,939,000

**Fiscal Analysis**

The bill would amend Chapter 334 of the Local Government Code to authorize a county with a population of more than two million and adjacent to a county with a population of more than one million to impose a short-term motor vehicle rental tax of not more than six percent to pay the debt on bonds issued under the chapter, which governs sports and community venues.

A county with the same characteristics also would be authorized to impose a hotel occupancy tax of not more than three percent to pay the debt on bonds issued under the chapter. Both taxes would cease to be imposed upon the retirement of that debt.

The bill would authorize a county with a population of more than two million and adjacent to a county with a population of more than one million that had adopted a short-term motor vehicle rental tax under Chapter 334 at a rate of less than six percent to, by order and approval of the majority of the registered voters in the county, increase the rate of the tax to a maximum of six percent.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2003. This estimate is based on an effective date of September 1, 2003.

**Methodology**

The bill applies to Dallas County only.

The maximum rate allowed under Chapter 334 is five percent for the short-term motor vehicle rental tax and two percent for the hotel occupancy tax. The City of Dallas currently levies both of these taxes under Chapter 334 at the maximum allowable rates.

This bill would allow Dallas County, having met the defined requirements and if it were to create a venue district under chapter 334, Local Government Code, to impose up to a six percent short-term motor vehicle rental rate and up to a three percent hotel occupancy tax rate.

This analysis assumes the creation of a venue district and imposition of a short-term motor vehicle rental tax and a hotel occupancy tax by Dallas County, each with an effective date of September 1, 2003. The analysis also assumes the maximum rates of six percent for the short-term motor vehicle rental tax and three percent for the hotel occupancy tax.

**Local Government Impact**

The fiscal impact to local governments is shown in the above table.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JK, JO, DLBa, WP, SD