

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 4, 2005

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

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB214 by Casteel (Relating to the authority of certain counties to impose a hotel occupancy tax.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB214, Committee Report 2nd House, Substituted: an impact of \$0 through the biennium ending August 31, 2007.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	\$0
2007	\$0
2008	\$0
2009	\$0
2010	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>County of Gillespie</i>
2006	\$1,154,000
2007	\$1,204,000
2008	\$1,259,000
2009	\$1,314,000
2010	\$1,372,000

Fiscal Analysis

The bill would amend Section 352.002(a) of the Tax Code to authorize a county with a population of less than 22,000 and in which the birthplace of a president of the United States is located to impose a hotel occupancy tax.

The bill would amend Section 352.002(d) to authorize a county with a population greater than 45,000 and less than 75,000, that borders Mexico, and that borders or contains a portion of Falcon Lake to impose a hotel occupancy tax regardless of whether the hotel was located in a municipality that imposes a tax under Tax Code Chapter 351.

The bill would amend Section 352.002 to not allow Burnet County to impose a county hotel occupancy tax on a hotel in the extraterritorial jurisdiction of a municipality if the municipality imposes a municipal hotel occupancy tax on that hotel.

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, 2005.

Methodology

Gillespie County (President Lyndon B. Johnson) would, at the present time, be the only county that would qualify under the bill's provisions to impose a hotel occupancy tax. There would be no effect on state hotel occupancy tax revenues.

Under current law, unless otherwise specified, a county that imposes a hotel occupancy tax may not impose a rate that exceeds seven percent of the price paid for a room.

Starr County would be the only county affected by the revision to Section 352.002(d). There could be a potential fiscal impact to Starr County, but it is not known what hotels are within a municipality that already imposes a hotel occupancy tax under Chapter 351.

The above table portrays potential fiscal impacts if Gillespie County were to adopt a county hotel occupancy tax at seven percent. Fiscal 2006 represents twelve months of collections. If the bill were to take effect immediately, there would be a marginal revenue gain to the counties in fiscal 2005.

Local Government Impact

The fiscal impact to units of local government is shown in the above table.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, DLBa, WP, SD