

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 29, 2005

TO: Honorable Jim Keffer, Chair, House Committee on Ways & Means

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

IN RE: HB777 by Casteel (Relating to the allocation of revenue from the state hotel tax for certain purposes in certain municipalities located in counties in a park and recreation district.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB777, As Introduced: a negative impact of (\$23,564,492) 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	(\$11,532,254)
2007	(\$12,032,238)
2008	(\$12,581,825)
2009	(\$13,130,765)
2010	(\$13,713,625)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND</i> 1	Probable Revenue Gain/(Loss) from <i>ELIGIBLE MUNICIPALITIES</i>
2006	(\$11,532,254)	\$11,532,254
2007	(\$12,032,238)	\$12,032,238
2008	(\$12,581,825)	\$12,581,825
2009	(\$13,130,765)	\$13,130,765
2010	(\$13,713,625)	\$13,713,625

Fiscal Analysis

The bill would amend Chapter 156 of the Tax Code, relating to the allocation of certain revenue from the state hotel occupancy tax.

The bill would require the Comptroller to compute and issue quarterly warrants equivalent to a portion of the state hotel occupancy tax collections, computed at a rate of two percent, and received from hotels located in a municipality with a population of more than 35,000 and in which a park and recreation district has been created under Chapter 324 of the Local Government Code. The Comptroller would have to make the computation and issue the warrants no later than the last day of the month following a calendar quarter. A municipality that received funds under this bill could only use the money to clean and maintain rivers within the boundaries of the municipality.

The bill would take effect October 1, 2005.

Methodology

Comal County has a park and recreation district under Chapter 324 of the Local Government Code, and the municipalities of New Braunfels and San Antonio would be the only cities currently eligible to receive payments of state hotel tax revenues to clean and maintain rivers within its borders.

Data on taxable hotel revenues from New Braunfels and San Antonio were gathered from Comptroller tax files. Taxable revenues were multiplied by the two percent rate required to be returned to the municipality to determine the loss to the General Revenue Fund and the gain to the municipalities.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, WP, SD