

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

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**April 28, 2005**

**TO:** Honorable John Carona, Chair, Senate Committee on S/C on Emerging Technologies & Economic Dev.

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

**IN RE: HB1734** by Krusee (Relating to the use of municipal hotel occupancy taxes for the enhancement and upgrading of sports facilities and fields by certain municipalities.), **As Engrossed**

<b>No fiscal implication to the State is anticipated.</b>
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The bill would amend Section 351.101(a) of the Tax Code to allow revenue from the municipal hotel occupancy tax to be used for the promotion of tourism by the enhancement and upgrading of existing sports facilities if: 1) the municipality owned the facilities; 2) the municipality had a population of 80,000 or more and was located in a county that had a population less than 350,000; and 3) the sports facilities had been used in the preceding calendar year a combined total of more than 10 times for district, state, regional, or national sports.

The bill requires the municipality to reimburse from the municipality's general fund any expenditure in excess of the amount of area hotel revenue attributable to the enhancements and upgrades to the municipality's hotel occupancy tax revenue fund.

In addition, the bill would amend Section 351.101(a) of the Tax Code to allow revenue from the municipal hotel occupancy tax, for a municipality located in a county with a population of one million or less (instead of 290,000 or less), to be used for expenses, including promotion expenses, directly related to a sporting event in which the majority of participants are tourists who substantially increase economic activity at hotels and motels within the municipality or its vicinity. Therefore, every county is eligible to use municipal hotel tax revenue for purposes under this Section except Harris, Tarrant, Dallas and Bexar.

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.

**Local Government Impact**

The bill would not affect what cities may charge a municipal hotel occupancy tax, only how they could spend the money that they already receive if they currently charge a municipal hotel occupancy tax. Therefore, there would be no fiscal impact.

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

**LBB Staff:** JOB, WP, SD