LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 16, 2005

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

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

IN RE: **HB3573** by West, George "Buddy" (Relating to the authority of certain counties to impose a hotel occupancy tax.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3573, As Engrossed: 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 *Midland County*
2006	$349,000
2007	$365,000
2008	$0
2009	$0
2010	$0

Fiscal Analysis

The bill would amend Section 352.002 of the Tax Code by adding subsections relating to the authority of certain counties to impose a hotel occupancy tax.

The bill would allow a county in which the entire border is located within 250 miles of New Mexico to impose a hotel occupancy tax. The county would have to have a population of more than 100,000 and include one municipality with a population of more than 90,000 but less than 120,000, and it would have to include within its borders an international airport.

The county could, by the adoption of an order or resolution, impose a hotel occupancy tax of no more than two percent of the price of a hotel room.

The subsections enacted by the bill would expire September 1, 2007. The bill would take effect immediately if it receives the required two-thirds vote in both houses; otherwise, it would take effect September 1, 2005.

Methodology

Midland County is the only county that would qualify to impose a hotel occupancy tax under this bill.

It is not known whether Midland County would impose a hotel tax, or at what rate the county might impose that tax. The following table is for illustrative purposes only and reflects the potential revenues at the maximum tax rate allowable by the bill, two percent.

The gross taxable receipts data were derived from the Comptroller tax files and multiplied by two percent to arrive at the maximum potential fiscal impact. Because the provisions of the bill would expire September 1, 2007, there could be no fiscal impact in fiscal year 2008 and beyond.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, DLBa, WP, SD