

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 18, 2007

TO: Honorable Tom Craddick, Speaker of the House, House of Representatives

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

IN RE: HB1009 by Escobar (Relating to the use of state hotel occupancy tax revenue to clean and maintain beaches in certain municipalities.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1009, As Passed 2nd House: a negative impact of (\$2,200,000) through the biennium ending August 31, 2009.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	(\$1,079,000)
2009	(\$1,121,000)
2010	(\$1,162,000)
2011	(\$1,205,000)
2012	(\$1,244,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/ (Loss) from GENERAL REVENUE FUND 1	Probable Revenue Gain/ (Loss) from Corpus Christi	Probable Revenue Gain/ (Loss) from Port Isabel
2008	(\$1,079,000)	\$1,066,000	\$13,000
2009	(\$1,121,000)	\$1,107,000	\$14,000
2010	(\$1,162,000)	\$1,148,000	\$14,000
2011	(\$1,205,000)	\$1,190,000	\$15,000
2012	(\$1,244,000)	\$1,229,000	\$15,000

Fiscal Analysis

The bill would amend Section 156.2512 of the Tax Code, relating to the use of state hotel occupancy tax revenue to clean and maintain beaches in certain municipalities.

Under current law, general-law coastal municipalities bordering on the Gulf of Mexico, having a population of less than 5,000, and having boundaries within 30 miles of Mexico receive a tax revenue allocation, from the General Revenue Fund, to be used to clean and maintain public beaches in the municipality. The allocation is equal to the amount of state hotel occupancy tax revenue, at a rate of one percent, received from hotels located in the municipality.

The bill would change the eligibility requirements for reimbursement. It would change the requirement of a "general-law coastal municipality" to a "barrier island coastal municipality" and would strike the population threshold. The bill would also add the requirement that the

municipality be located wholly or partly on a barrier island, the boundaries of which are within 30 miles of Mexico or that include a portion of a national seashore.

In addition to the current authorization to use the revenue collected under this section to clean and maintain public beaches, the bill would authorize the eligible barrier island coastal municipality to use the revenue for an erosion response project.

The bill would take effect immediately upon enactment, if it receives two-thirds majority votes in each house; otherwise, it would take effect September 1, 2007.

Methodology

Under current law, only South Padre Island qualifies for the allocation. According to the Comptroller of Public Accounts, under the provisions of the bill, South Padre Island would remain qualified for the allocation; Port Isabel would become qualified; and the city of Corpus Christi appears to be qualified due to a small portion of that city lying within the Padre Island National Seashore.

For the purpose of this estimate, the Comptroller gathered data on Corpus Christi and Port Isabel's taxable hotel receipts from from its tax files, and multiplied the receipts by the one percent authorized by the bill to determine the maximum possible gain to Corpus Christi and Port Isabel.

Local Government Impact

The fiscal impact to local government is illustrated in the above table.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, WK, CT, EB, KJG, DB, SD