

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 26, 2007

TO: Honorable Royce West, Chair, Senate Committee on Intergovernmental Relations

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

IN RE: HB1216 by Pitts (Relating to the authority of certain counties to impose a county hotel occupancy tax and to the use of the tax.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1216, As Engrossed: an impact of \$0 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	\$0
2009	\$0
2010	\$0
2011	\$0
2012	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/ (Loss) from <i>Bosque County</i>	Probable Revenue Gain/ (Loss) from <i>Hill County</i>	Probable Revenue Gain/ (Loss) from <i>Johnson County</i>
2008	\$125,000	\$605,000	\$440,000
2009	\$130,000	\$628,000	\$457,000
2010	\$135,000	\$652,000	\$474,000
2011	\$139,000	\$675,000	\$491,000
2012	\$144,000	\$697,000	\$507,000

Fiscal Analysis

The bill would amend Section 352.002 of the Tax Code, relating to the authority of certain counties to impose a county hotel occupancy tax and to the rate of that tax. Under the provisions of the bill, any county that borders Whitney Lake would be allowed to impose a county hotel occupancy tax; however, the tax imposed by the amended section would not apply to a hotel located in a municipality that imposes a tax under Chapter 351.

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

Methodology

According to the Comptroller of Public Accounts, three counties would meet the criteria established under the provisions of the bill: Bosque County, Hill County, and Johnson County.

Currently, unless otherwise specified, counties authorized to impose a county hotel occupancy tax may not impose the tax at a rate greater than 7 percent. For the purpose of this estimate, the Comptroller gathered data on taxable hotel receipts from Bosque, Hill, and Johnson Counties from its tax files, and multiplied the receipts by the 7 percent rate to estimate the potential maximum gain to the counties.

It is not known whether any of these counties would approve a county hotel occupancy tax or at what rate. For the purpose of this estimate it is assumed that each county would adopt a county hotel occupancy tax at the maximum rate authorized by the bill.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts

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