

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

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**May 16, 2007**

**TO:** Honorable Steve Ogden, Chair, Senate Committee on Finance

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

**IN RE: HB1458** by Macias (Relating to the allocation of revenue from the state hotel tax for certain purposes in certain municipalities.), **As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1458, As Engrossed: a negative impact of (\$81,000) through the biennium ending August 31, 2009.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	(\$40,000)
2009	(\$41,000)
2010	(\$43,000)
2011	(\$44,000)
2012	(\$46,000)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue Gain/ (Loss) from <i>GENERAL REVENUE FUND 1</i>	Probable Revenue Gain/ (Loss) from <i>HOTEL OCCUP TAX DEPOS ACC 5003</i>	Probable Revenue Gain/ (Loss) from <i>Eligible Counties</i>
2008	(\$36,667)	(\$3,333)	\$40,000
2009	(\$37,583)	(\$3,417)	\$41,000
2010	(\$39,417)	(\$3,583)	\$43,000
2011	(\$40,333)	(\$3,667)	\$44,000
2012	(\$42,167)	(\$3,833)	\$46,000

**Fiscal Analysis**

The bill would amend Chapter 156 of the Tax Code by adding a section relating to the allocation of revenue from the state hotel occupancy tax to clean and maintain rivers in certain municipalities located in a park and recreation district.

The bill would require the Comptroller of Public Accounts to issue to municipalities quarterly warrants up to two percent of the amount of revenue derived from the collection of hotel occupancy taxes received from hotels located in a municipality with the following qualifications: a population of less than 75,000; located in a county in which a park and recreation district had been created under Chapter 324 of the Local Government Code; and visited by more than 175,000 people who

participated in recreational activities on state-owned rivers located within the boundaries of the municipality in the fiscal year of the municipality preceding the calendar year in which the municipality is to receive money under the provisions of the bill.

The Comptroller would be required to issue a warrant, no later than the last day of the month following a calendar quarter, that was drawn on general revenue for the lesser of two amounts: either the amount computed at two percent of the amount of revenue derived from collection of hotel occupancy tax, or the amount the municipality actually spent on removing trash and litter within the established guidelines of the bill.

The bill would require a municipality that received funds under this bill to use the money only to clean and maintain rivers within the boundaries of the municipality and to provide the Comptroller or Public Accounts with documentation sufficient to establish the number of tourist visitations and the amount of money spent on trash and litter removal.

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

### **Methodology**

The Comptroller of Public Accounts reports that under the provisions of the bill, currently only Comal County has a park and recreation district under Chapter 324 of the Local Government Code; and only New Braunfels would qualify for the allocation, but only if it could prove that more than 175,000 people participated in recreational activities on state-owned rivers located within the boundaries of the municipality.

The Comptroller reports that for the purposes of this fiscal note, the maximum amount of money that may be allocated to the municipalities was estimated, as the amount of money that would be spent by the municipalities on trash and litter removal cannot be estimated.

The Comptroller used data from its tax files on taxable hotel revenues from New Braunfels to determine the loss to the General Revenue Fund 0001 and the Hotel Occupancy Tax for Economic Development Account 5003 and the gain to the municipalities.

### **Local Government Impact**

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

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

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