

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 8, 2007

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

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

IN RE: HB1669 by Cook, Robby (Relating to the authority of certain counties to impose a county hotel occupancy tax and to the rate of the tax.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1669, 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>Burelson County</i>	Probable Revenue Gain/(Loss) from <i>Robertson County</i>	Probable Revenue Gain/(Loss) from <i>Leon County</i>	Probable Revenue Gain/(Loss) from <i>Madison County</i>
2008	\$26,000	\$134,000	\$86,000	\$110,000
2009	\$27,000	\$139,000	\$89,000	\$115,000
2010	\$28,000	\$144,000	\$93,000	\$119,000
2011	\$29,000	\$150,000	\$96,000	\$123,000
2012	\$30,000	\$155,000	\$99,000	\$127,000

Fiscal Analysis

The bill would amend Chapter 352 of the Tax Code relating to the authority of certain counties to impose a county hotel occupancy tax and to the rate of the tax.

The bill would allow a county that has a population of 16,000 or more and borders the entire north shore of Lake Somerville to impose a county hotel occupancy tax, not exceeding a tax rate of two percent.

The bill would allow a county with a population of less than 20,000 and that is bordered by the Brazos and Navasota Rivers to charge a hotel occupancy tax, not exceeding a tax rate of seven percent. However, the tax would have to be authorized by the commissioners court of that county and a vote by the registered voters of that county. .

The bill would allow a county with a population of more than 15,000 and less than 20,000 and that is located on the Trinity and Navasota Rivers to charge a hotel occupancy tax, not exceeding a tax rate of

two percent. However, the tax would have to be authorized by the commissioners court of that county and by a vote of the registered voters of that county.

The bill would allow a county with a population of less than 15,000 and that is bordered by the Trinity and Navasota Rivers to charge a hotel occupancy tax, not exceeding a tax rate of seven percent. However, the tax would have to be authorized by the commissioners court of that county and a vote by the registered voters of that county.

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, there are four counties that would meet the criteria in the bill: Burleson, Robertson, Leon, and Madison.

For the purpose of this estimate, the Comptroller gathered data on taxable hotel receipts from the four counties from its tax files, and multiplied the receipts by the maximum tax rate authorized by the bill. To determine the maximum possible gain to each county, the following authorized maximum tax rates were used: two percent for Burleson and Leon Counties and seven percent for Robertson and Madison Counties.

The Comptroller reports that it is not known whether any of the four counties would approve a county hotel occupancy tax or at what rate. For the purpose of this estimate, it is assumed that the counties 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 table.

Source Agencies: 304 Comptroller of Public Accounts

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