

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: HB1820 by Hamilton (Relating to the authority to impose a county hotel occupancy tax and to the maximum rate of the tax.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1820, 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>Orange County</i>	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	\$171,000	\$125,000	\$605,000	\$440,000
2009	\$178,000	\$130,000	\$628,000	\$457,000
2010	\$185,000	\$135,000	\$652,000	\$474,000
2011	\$191,000	\$139,000	\$675,000	\$491,000
2012	\$198,000	\$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.

The bill would allow any county that borders or contains a portion of the Neches River, the Sabine River, and Sabine Lake to impose a county hotel occupancy tax; however, the allowable rate for the county hotel occupancy tax would be capped at two percent.

The bill would allow any county that borders Whitney Lake to impose a county hotel occupancy tax; however, the tax imposed by this provision would not apply to a hotel located in a municipality that imposes a tax under Chapter 351. Under the provisions of the bill, the revenue generated by the county hotel tax for counties bordering Whitney Lake could only be used for the certain tourism-related purposes and only in relation to incorporated areas of the 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, only Orange County would meet the criteria established under the provisions of the bill relating to a county that borders or contains a portion of the Neches River, the Sabine River, and Sabine Lake. Three counties would meet the criteria relating to a county that borders Whitney Lake: Bosque County, Hill County, and Johnson County.

For the purpose of this estimate, the Comptroller gathered data on taxable hotel receipts from the counties from its tax files. To estimate the potential maximum gain to each county, the Comptroller multiplied the receipts by the two percent maximum tax rate authorized for Orange County and by the seven percent maximum tax rate authorized for Bosque, Hill, and Johnson Counties.

It is not known whether any of the counties authorized by the bill 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 tables.

Source Agencies: 304 Comptroller of Public Accounts

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