

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 19, 2007

TO: Honorable Fred Hill, Chair, House Committee on Local Government Ways & Means

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 Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1820, As Introduced: an impact of \$0 through the biennium ending August 31, 2009.
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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 Orange County
2008	\$171,000
2009	\$178,000
2010	\$185,000
2011	\$191,000
2012	\$198,000

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. Under the provisions of the bill, any county that borders or contains a portion of the Neches River, the Sabine River, and Sabine Lake would be allowed 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 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.

For the purpose of this estimate, the Comptroller gathered data on taxable hotel receipts from Orange County from its tax files, and multiplied the receipts by the two percent maximum tax rate to estimate the potential maximum gain to the county.

It is not known whether Orange County would approve a county hotel occupancy tax or at what rate. For the purpose of this estimate it is assumed that the 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, CT, SD, EB