

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

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

**March 21, 2007**

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

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

**IN RE: HB2322** by Guillen (Relating to the rate of the hotel occupancy tax imposed by certain counties without a municipality.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2322, Committee Report 1st House, Substituted: 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>Zapata County</i>
2008	\$87,000
2009	\$91,000
2010	\$94,000
2011	\$98,000
2012	\$101,000

**Fiscal Analysis**

The bill would amend Section 352.003(c) of the Tax Code, which imposes a rate cap of four percent on any hotel occupancy tax imposed by a county without a municipality, by exempting counties with a population of more than 10,000 and that border Mexico.

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, currently one county, Zapata, meets the criteria of the bill. Under the provisions of the bill, the Zapata would be allowed to raise their hotel occupancy tax up to the statutory 7 percent limit. However, it is not known whether Zapata county would approve a higher county hotel occupancy tax or at what rate.

For the purpose of this estimate, the Comptroller gathered data on taxable hotel receipts from its tax files. To estimate the potential maximum gain to Zapata county, the Comptroller multiplied the receipts by the three percent difference between the current maximum rate of four percent and the statutory maximum rate of seven percent allowed under this bill.

This estimate assumes that the effective date of the bill would be September 1, 2007.

### **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