

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

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

**April 13, 2007**

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

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

**IN RE: HB3658** by Dunnam (Relating to the authority of certain counties to impose a county hotel occupancy tax with voter approval.), **As Introduced**

<b>Estimated Two-year Net Impact to General Revenue Related Funds</b> for HB3658, As Introduced: an impact of \$0 through the biennium ending August 31, 2009.
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**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2008	\$0
2009	\$0
2010	\$0
2011	\$0
2012	\$0

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

<b>Fiscal Year</b>	<b>Probable Revenue Gain/(Loss) from <i>Leon County</i></b>
2008	\$301,000
2009	\$313,000
2010	\$325,000
2011	\$336,000
2012	\$348,000

**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 with voter approval. Under the provisions of the bill, any county with a population of more than 15,000 and less than 20,000 and that is located on the Trinity and Navasota Rivers would be allowed to charge a hotel occupancy tax; 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 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 Leon County would meet the criteria established under the provisions of the bill.

Currently, unless otherwise specified, a county authorized to impose a county hotel occupancy tax may not impose the tax at a rate greater than seven percent. For the purpose of this estimate, the Comptroller gathered data on taxable hotel receipts from Leon County from its tax files, and multiplied the receipts by the seven percent rate to estimate the potential maximum gain to the county.

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