

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: HB3664 by Dunnam (Relating to the authority of certain counties to impose a county hotel occupancy tax with voter approval.), **As Introduced**

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| Estimated Two-year Net Impact to General Revenue Related Funds for HB3664, 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 <i>Madison County</i> |
|--------------------|--|
| 2008 | \$110,000 |
| 2009 | \$115,000 |
| 2010 | \$119,000 |
| 2011 | \$123,000 |
| 2012 | \$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 with voter approval. Under the provisions of the bill, a county with a population of less than 15,000 and that is bordered by 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 Madison 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 Madison 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 Madison County would approve a county hotel occupancy tax or at what rate. For the purpose of this estimate it is assumed that Madison 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