

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

February 12, 2007

TO: Honorable Royce West, Chair, Senate Committee on Intergovernmental Relations

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

IN RE: SB213 by Fraser (Relating to the authority of certain counties to impose a county hotel occupancy tax and to the rate of the tax.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB213, As Introduced: 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>Llano County</i>	Probable Revenue Gain/(Loss) from <i>San Saba County</i>
2008	\$999,000	\$29,000
2009	\$1,038,000	\$30,000
2010	\$1,076,000	\$31,000
2011	\$1,115,000	\$32,000
2012	\$1,152,000	\$33,000

Fiscal Analysis

The bill would amend Section 352.002(a) 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 provisions of the bill would remove the population requirement for counties bordering Lake Buchanan and allow any county that borders Lake Buchanan to impose a county hotel occupancy tax.

The bill would amend Tax Code Section 352.003(g) to cap at 2 percent the hotel tax rate for a county meeting the description of Starr County.

Methodology

According to the Comptroller of Public Accounts (CPA), two counties would meet the criteria established by the proposed amendment to Section 352.002(a): Llano County and San Saba County. It is not known whether either of these counties would approve a county hotel occupancy tax or at what rate.

Currently, unless otherwise specified, counties authorized to impose a county hotel occupancy tax may not impose the tax at a rate greater than 7 percent. Data on taxable hotel receipts from Llano and San Saba counties were gathered from CPA tax files. Receipts were multiplied by the 7 percent rate to estimate the potential maximum gain to Llano and San Saba counties. Assuming that both counties were to adopt the maximum allowable rate, the maximum potential revenue gain to Llano County would be \$999,000 in fiscal year 2008, growing to nearly \$1.2 million in fiscal year 2012. San Saba County would gain approximately \$29,000 in fiscal year 2008 and could reach \$33,000 by fiscal year 2012.

The proposed amendment to Section 352.003(g) would have no fiscal impact to Starr County.

Local Government Impact

The fiscal impact to local government is illustrated in the above table.

Source Agencies: 304 Comptroller of Public Accounts

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