

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 17, 2007

TO: Honorable David Dewhurst, Lieutenant Governor, Senate

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

IN RE: SB765 by Eltife (Relating to the use of municipal hotel occupancy taxes for the enhancement and upgrading of sports facilities and fields by certain municipalities.), **As Passed 2nd House**

No fiscal implication to the State is anticipated.

The bill would amend Chapter 351 of the Tax Code relating to the use of municipal hotel occupancy taxes for the enhancement and upgrade of sports facilities and fields by certain municipalities.

Under the provisions of the bill, a municipality that has a population of at least 34,000 but no more than 36,000 and is located in a county that has a population of 90,000 or less would be allowed to use its municipal hotel occupancy tax for the enhancement and upgrade of sports facilities and fields.

Currently, a municipality is allowed to pledge, to the payment of bonds or other certain obligations, the revenue derived from the municipal hotel and occupancy tax from a hotel project that is owned by or located on land owned by the municipality or by a nonprofit corporation acting on behalf of an eligible central municipality and that is located within 1,000 feet of a convention center facility owned by the municipality. That municipality is also entitled to receive all funds that an owner of a project may receive from a rebate, refund, or payment of 100 percent of the sales and use taxes and hotel occupancy tax related to the qualified hotel project for the first 10 years the project is open for initial occupancy. Under the provisions of the bill, the municipality would also be entitled to receive all funds that an owner or a project may receive from refunds of sales and use taxes imposed on the purchases of certain items sold to an enterprise project for use at the qualified site, including: equipment or machinery, building materials, labor, and electricity and natural gas purchased and consumed in the normal course of business.

The bill would also amend the definition of a "qualified hotel project" to include a hotel that is constructed on land owned by the municipality and would lower the population requirement of the municipality from 1.5 million to 1.1 million.

According to the Comptroller of Public Accounts, only Huntsville and Texarkana would meet the criteria established under the provisions of the bill.

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.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, JRO, SD, EB