

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 7, 2007

TO: Honorable David Dewhurst, Lieutenant Governor, Senate

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

IN RE: SB1463 by Seliger (Relating to the authority of certain counties to impose a hotel occupancy tax.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1463, As Passed 2nd House: 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>Midland County</i>
2008	\$266,000
2009	\$277,000
2010	\$287,000
2011	\$297,000
2012	\$307,000

Fiscal Analysis

The bill would amend Section 352.002 of the Tax Code, relating to the authority of certain counties to impose a hotel occupancy tax.

The bill would allow the commissioners court of a county to impose a hotel occupancy tax if an airport essential to the economy of the county were located in the county. Under the provisions of the bill, an airport would be considered essential to the economy of a county only if the airport were a commercial-service international airport within a class C airspace located in a county and owned by a municipality each having a population of less than 125,000.

The tax rate authorized by this bill for the qualifying county(s) could not exceed one percent of the price paid for a room.

The bill would require a county authorized under this bill to produce an annual report that describes the tourism, hotel, and convention activity that is attributable to events held at facilities that received

funding from the tax.

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 Midland County would meet the criteria established under the provisions of the bill.

For the purpose of this estimate, the Comptroller gathered data on taxable hotel receipts from Midland County from its tax files, and multiplied the receipts by the one percent maximum tax rate to estimate the potential maximum gain to the county.

It is not known whether Midland County would approve a county hotel occupancy tax or at what rate. For the purpose of this estimate it is assumed that the county would adopt a county hotel occupancy tax at the maximum rate authorized by the bill.

The Comptroller proportionally estimated the fiscal impacts on units of local government.

Local Government Impact

The fiscal impact upon local units of government is shown in the above table.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, SD, CT, EB