

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 23, 2009

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

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

IN RE: HB4781 by Gallego (Relating to the imposition and rate of the county hotel occupancy tax in certain counties.), **As Passed 2nd House**

No fiscal implication to the State is anticipated.

The bill would amend Chapter 351 and 352 of the Tax Code.

The bill would limit the imposition of the hotel occupancy tax authorized by a county that borders Mexico and within which a national park of more than 400,000 acres is located. This provision would not apply to a hotel located in a municipality that imposes a municipal hotel occupancy tax.

The bill would remove the 3 percent cap on the hotel occupancy tax levied by a county authorized to impose the tax under Section 352.002(a) (12) for counties having a population of 35,000 or more bordering on or containing a portion of Lake Fork Reservoir, thereby allowing that county to increase the tax rate to the 7 percent maximum allowed by this chapter.

The bill would amend certain provisions relating to pledging revenue derived from the tax collected under Chapter 351, Tax Code for eligible municipalities or a municipality with a population of 173,000 or more that is located within two counties.

The bill would take effect immediately upon enactment, if it receives the required two-thirds vote in each house. Otherwise, it would take effect September 1, 2009.

Local Government Impact

According to the Comptrollers analysis, Wood County is the only county currently authorized to impose a tax under Section 352.002(a) (12); however, based on the July 2008 population estimates from the U.S. Bureau of Census, Hopkins County is close to reaching the population requirement of 35,000.

Brewster County is the only county that borders Mexico and within which there is a national park of more than 400,000 acres. There could be a potential fiscal impact to Brewster County and Wood County upon passage of this bill and enactment by the county government. It is not known what hotels in those counties are within a municipality that now imposes a hotel occupancy tax. Therefore, the fiscal impact to units of local government cannot be determined.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, CL, MN, SD