

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**April 26, 2009**

**TO:** Honorable Rene Oliveira, Chair, House Committee on Ways & Means

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

**IN RE: HB4794** by McReynolds (Relating to the rate of the municipal hotel occupancy tax in certain municipalities and to the use of certain revenue from that tax.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB4794, As Introduced: an impact of \$0 through the biennium ending August 31, 2011.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	\$0
2011	\$0
2012	\$0
2013	\$0
2014	\$0

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue Gain/(Loss) from <i>City of Lufkin</i>
2010	\$155,000
2011	\$178,000
2012	\$187,000
2013	\$196,000
2014	\$206,000

**Fiscal Analysis**

The bill would amend Chapter 351 of the Tax Code, regarding the municipal hotel occupancy tax.

The bill would set the maximum allowable municipal hotel occupancy tax rate at 9 percent of the price paid for a room for a municipality that has a population between 32,000 and 40,000, is located in a county with a population greater than 80,000, and is home to a forestry museum.

Any revenue collected from this tax at a rate greater than 7 percent must be used by the municipality for the promotion of tourism and the operation of a convention center.

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

## **Methodology**

Based on the geographical limitations set forth by the bill, the City of Lufkin would be the only eligible municipality. To estimate the potential maximum fiscal impact of this bill, data on taxable hotel receipts for the City of Lufkin were gathered from Comptroller tax files, which were then multiplied by 2 percent (the difference between the city's current 7 percent rate and the maximum rate should this bill become law). The fiscal impact was then adjusted for the bill's effective date and extrapolated through 2014.

For purpose of analysis, the table shows the fiscal impact should the City of Lufkin adopt the maximum 9.0 percent municipal hotel occupancy tax rate at the earliest date permissible.

## **Local Government Impact**

Impact to local government is shown in the table above.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JOB, MN, SD