

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 28, 2009

TO: Honorable Eddie Lucio, Jr., Chair, Senate Committee on International Relations & Trade

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

IN RE: SB2559 by Uresti (Relating to the imposition and rate of the county hotel occupancy tax in certain counties.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would amend Chapter 352 of the Tax Code, regarding the county hotel occupancy tax.

The bill would authorize a county that borders Mexico, within which a national park of more than 400,000 acres is located, to impose a county hotel occupancy tax at a rate of up to 7 percent of the price paid for a room. That county could not impose the tax on hotels located in a city that imposes a municipal hotel occupancy tax.

The bill would remove the 3 percent cap on the county hotel occupancy tax authorized under Section 352.002(a)(12) of this chapter for a county 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 up to the 7 percent maximum allowed by this chapter.

Based on the geographical limitations outlined in the bill, Brewster County would be affected. Currently, only Wood County is 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.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2009.

Local Government Impact

There could be a potential fiscal impact to Brewster County and Wood County upon passage of the bill and subsequent action by the county governments. It is not known what hotels in those counties are also within a municipality that imposes a hotel occupancy tax. Therefore, the fiscal impact to units of local government cannot be determined.

Source Agencies: 304 Comptroller of Public Accounts

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