

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 10, 2011

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

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

IN RE: HB2048 by Lyne (Relating to the collection and enforcement of state and local hotel occupancy taxes.), **As Engrossed**

There could be an indeterminate revenue gain to the state from the provisions of the bill.

The bill would amend Chapters 156, 351, and 352 of the Tax Code, regarding the collection and enforcement of state and local hotel occupancy taxes.

The bill would require that a municipality or a county notify the Comptroller's Office if they find that state hotel tax was underpaid or underreported as a result of a local audit. The Comptroller would review the data provided by the municipality or county and decide whether or not to pursue collection. If the state does collect tax based on data from a local audit, the Comptroller must pay the municipality or county an amount equal to 20 percent of the amount of state hotel tax collected (not including penalty and interest). A municipality or county would not be eligible for the 20 percent payment from the Comptroller if the information obtained resulted from an audit performed on a contingent fee basis.

The bill would authorize municipalities and counties to conduct, or contract with third parties to conduct, audits of hotels that do not file a tax report as required by Chapter 351 or Chapter 352 of the Tax Code. The bill would require cities and counties to provide at least a 30-day written notice prior to conducting an audit of the hotel's records.

By requiring municipalities and counties to notify the Comptroller's Office when their audits reveal state hotel tax deficiencies, it is possible the state may receive additional hotel occupancy tax revenue.

The bill would take effect September 1, 2011.

Local Government Impact

There could be an indeterminate fiscal impact to units of local government from the provisions of the bill.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, AG, KK, SD