

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

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**March 15, 2011**

**TO:** Honorable Royce West, Chair, Senate Committee on Intergovernmental Relations

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

**IN RE: SB349** by Eltife (Relating to the hotel occupancy tax rate in certain municipalities.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB349, As Introduced: an impact of \$0 through the biennium ending August 31, 2013.

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

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2012	\$0
2013	\$0
2014	\$0
2015	\$0
2016	\$0

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

Fiscal Year	Probable Revenue Gain/(Loss) from <i>City of Tyler</i>
2012	\$470,000
2013	\$539,000
2014	\$566,000
2015	\$594,000
2016	\$624,000

**Fiscal Analysis**

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

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 with a population greater than 95,000 located in a county with a population greater than 200,000 that borders Lake Palestine.

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, 2011.

**Methodology**

According to the Comptroller of Public Accounts, the only municipality that would meet the criteria in the bill would be the City of Tyler.

For the purpose of this estimate, the Comptroller gathered data on taxable hotel receipts from the City of Tyler from its tax files, and multiplied the receipts by 2 percent (the difference between the current 7 percent rate the city can levy under the Chapter's general provisions and the maximum rate should the bill become law) to determine the maximum potential gain to the City of Tyler.

The Comptroller reports the fiscal implications for the City of Tyler cannot be determined as the tax rate that might be set by the city and the timing of any change are unknown. However, for illustrative purposes this analysis shows the fiscal impact should the City of Tyler adopt the maximum 9 percent municipal hotel occupancy tax rate at the earliest date permissible.

### **Local Government Impact**

The fiscal impact to local government is illustrated in the above table.

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

**LBB Staff:** JOB, KKR, SD, AG