

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 18, 2011

TO: Honorable Harvey Hilderbran, Chair, House Committee on Ways & Means

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

IN RE: SB1185 by Nichols (relating to the authority of certain counties to impose a hotel occupancy tax for the operation and maintenance of a fairground in the county.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1185, Committee Report 2nd House, Substituted: 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>Henderson County</i>
2012	\$82,000
2013	\$94,000
2014	\$99,000
2015	\$104,000
2016	\$109,000

Fiscal Analysis

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

The bill would allow the commissioner's court of a county with a population of 65,000 or more that is bordered by the Neches and Trinity Rivers to impose a hotel occupancy tax. The tax imposed by the bill's provisions would be limited to 2 percent of the price paid for a room in a hotel, and revenue collected from the tax could be used only to operate and maintain a fairground in the county that has a substantial impact on tourism and hotel activity.

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

Based on the population and geographical limitation set forth by the bill, Henderson County would be the only eligible county. To estimate the potential fiscal impact of the bill, the Comptroller gathered data on taxable hotel receipts for Henderson County from tax files, which were then multiplied by 2 percent (the maximum rate should this bill become law) to determine the maximum potential gain to the county.

The Comptroller reports the fiscal implications for Henderson County cannot be determined as the tax rate that might be set by the county and the timing of any change are unknown. However, for illustrative purposes this analysis shows the fiscal impact should the county adopt the maximum 2 percent county 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, KK, AG, SD