

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

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**April 7, 2013**

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

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB351** by Canales (Relating to the tax exemption for permanent hotel residents.), As Introduced

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB351, As Introduced: a positive impact of \$5,411,000 through the biennium ending August 31, 2015.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

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

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2014	\$2,641,000
2015	\$2,770,000
2016	\$2,907,000
2017	\$3,051,000
2018	\$3,203,000

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

<b>Fiscal Year</b>	<b>Probable Revenue Gain/(Loss) from General Revenue Fund</b>	<b>Probable Revenue Gain/(Loss) from Hotel Occup Tax Depos Acc</b>
	<b>1</b>	<b>5003</b>
2014	\$2,421,000	\$220,000
2015	\$2,539,000	\$231,000
2016	\$2,665,000	\$242,000
2017	\$2,797,000	\$254,000
2018	\$2,936,000	\$267,000

**Fiscal Analysis**

This bill would amend Chapter 156 of the Tax Code, increasing the number of consecutive days for which a person has the right to use or possess a hotel room to be considered a permanent resident to sixty days. Currently, a permanent resident is defined as a person who uses or possess a hotel room for 30 consecutive days or more. A permanent resident is not subject to the hotel

occupancy tax.

This bill would take effect September 1, 2013.

### **Methodology**

The Comptroller of Public Accounts reports that the amount of revenue generated from hotel stays lasting longer than 60 days was estimated and multiplied by the state hotel tax rate of six percent. Because of the timing of remittances, the fiscal impact for the first year was adjusted to reflect the collection schedule. Per statute, one-twelfth of the revenue generated by the tax is used for the purpose of promoting tourism in the state and is allocated to GR Account 5003 Hotel Occupancy Tax for Economic Development.

### **Technology**

No impact to technology is anticipated as a result of this recommendation.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

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

**LBB Staff:** UP, KK, JI, YD