

## LEGISLATIVE BUDGET BOARD

Austin, Texas

### FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 25, 2013

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

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

**IN RE:** **HB3296** by Raney (relating to the rates of municipal and county hotel occupancy taxes in certain municipalities and counties and the use of certain revenue from those taxes; changing the rates of taxes.), **Committee Report 1st House, Substituted**

**No fiscal implication to the State is anticipated.**

The bill would amend Chapters 351 and 352 of the Tax Code, regarding municipal and county hotel occupancy taxes.

The bill would allow a county authorized to impose a tax under Section 352.002(g) to increase its county hotel occupancy tax rate to 2.75 percent if certain conditions specified in the bill are met. Revenue derived from the tax rate increase would be used for the renovation of a stadium located in the county and owned by a major state university under a preferred access facilities contract entered into between the convention and visitors bureau within the county and the major state university.

The bill would decrease the share of revenue from that county's hotel occupancy tax that must be spent on marketing projects that directly promote tourism, hotel, and convention activity from 45 percent to 20 percent.

The provisions of the bill would expire on the date the county commissioners court certifies that all debt issued or incurred by the university to finance or refinance the stadium renovation project, including interest and any costs relating to the debt, has been paid in full.

The bill would repeal Section 351.0035 of the Tax Code, relating to municipal hotel occupancy tax rate and use in a home-rule municipality that was originally chartered in or after 1938, that is home to a major state university, and that is located in a county bordered by the Brazos and Navasota Rivers.

The bill would take effect immediately upon receiving two-thirds majority vote in each house. Otherwise, the bill would take effect September 1, 2013.

#### **Local Government Impact**

Under the provisions of the bill, Brazos County would be allowed to increase its county hotel occupancy tax rate from the current 2 percent to 2.75 percent, with the proceeds from the increase going to the renovation of a stadium owned by Texas A&M University. The municipal hotel

occupancy tax would decrease by a corresponding amount-from 7.75 to 7.00 percent.

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

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