

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 24, 2013

TO: Honorable Tommy Williams, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB319 by Uresti (Relating to the tax exemption for permanent hotel residents.), As Introduced

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| Estimated Two-year Net Impact to General Revenue Related Funds for SB319, As Introduced: a positive impact of \$8,495,000 through the biennium ending August 31, 2015. |
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General Revenue-Related Funds, Five-Year Impact:

| Fiscal Year | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|--------------------|---|
| 2014 | \$3,962,000 |
| 2015 | \$4,533,000 |
| 2016 | \$4,756,000 |
| 2017 | \$4,993,000 |
| 2018 | \$5,241,000 |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Revenue (Loss) from General Revenue Fund 1 | Probable Revenue (Loss) from Hotel Occup Tax Depos Acc 5003 |
|--------------------|--|--|
| 2014 | \$3,632,000 | \$330,000 |
| 2015 | \$4,155,000 | \$378,000 |
| 2016 | \$4,360,000 | \$396,000 |
| 2017 | \$4,577,000 | \$416,000 |
| 2018 | \$4,804,000 | \$437,000 |

Fiscal Analysis

The bill would amend Chapter 156.101 of the Tax Code, relating to the hotel occupancy tax, to state that the 30 day permanent resident exemption would apply to an "individual". Under currently law, this exemption applies to a "person".

The bill would take effect September 1, 2013.

Methodology

The change from "person" to "individual" regarding the permanent resident exemption would restrict the exemption to an individual person, as opposed to being applicable to a business or entity that rents hotel rooms for greater than 30 days.

To calculate the revenue gain, the Comptroller estimated the revenue generated from hotel stays that would no longer be fall under the permanent resident exemption multiplied by the state hotel tax rate. Because of the timing of remittances, the Comptroller adjusted the fiscal impact for the first year to reflect the collection schedule.

Under statute, 8.33 percent of the revenue collected from state hotel tax collections is allocated to GR Account 5003, Hotel Occupancy Tax for Economic Development.

Technology

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

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