

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

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**May 18, 2015**

**TO:** Honorable Kevin Eltife, Chair, Senate Committee on Business & Commerce

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

**IN RE:** **HB1585** by Paul (Relating to the use of hotel occupancy tax revenue in certain municipalities.), **As Engrossed**

<p><b>No fiscal implication to the State is anticipated.</b></p>
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The bill would amend Chapter 351 of the Tax Code, regarding municipal hotel occupancy taxes. The bill would add Section 351.1071, regarding the allocation of revenue in certain municipalities, that would apply only to a municipality with a population of not more than 5,000 and located less than one-eighth of one mile from a space center operated by an agency of the federal government.

An applicable municipality would be authorized to use 3 percent of the 7 percent municipal hotel tax to 1) establish, acquire, purchase, construct, improve, maintain, or operate an authorized facility; and 2) pay bonds issued to establish, acquire, purchase, construct, improve, maintain, or operate an authorized facility. The total amount of municipal hotel tax used on an authorized facility could not exceed the amount of revenue from that tax attributable to events at the facility over the 15-year period after the completion of construction, and the bill would provide procedures to determine if that requirement was met.

**Local Government Impact**

Under the provisions of the bill, the city of Nassau Bay would qualify, based on that city's U.S. Census Bureau city population count in the 2010 census and its proximity to NASA's Johnson Space Center. The bill would have no revenue implications; it would, however, affect how a Nassau Bay uses revenue collected from the municipal hotel occupancy tax.

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

**LBB Staff:** UP, CL, AG, KK, SD