

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

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

**April 14, 2015**

**TO:** Honorable Carol Alvarado, Chair, House Committee on Urban Affairs

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

**IN RE: HB1792** by Springer (Relating to regulation of residential short-term rental units; creating offenses and authorizing a fee.), **As Introduced**

<b>No significant fiscal implication to the State is anticipated.</b>
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The bill would amend the Business & Commerce Code, Health and Safety Code and Occupations Code to require residential short term rental units to be subjected to the same standards as a hotel for purposes of consumer protection, public health, and human safety. The bill would require certain counties and municipalities to adopt an ordinance to regulate and characterize certain residential short term rental units in the same manner as a hotel. In regulating these units, the local governmental entities may charge a fee for a certificate or license of the units. The bill provides exceptions.

The bill would create a Class C misdemeanor if an individual violates the provisions of the bill. Each day the individual is in violation is a separate offense.

**Local Government Impact**

There could be an indeterminate impact to local entities due to the revenues from court costs, fines, or fees and the costs associated with ensuring facilities are adhering to policies. The impact to local entities would depend on a number of factors including the number of residential short term rental units within its jurisdiction, the amount of fees collected from the units, and the costs of enforcing the local entity's standards.

The City of San Antonio reported the bill would not have an impact on the amount of taxes that the City of San Antonio would collect, however there could be additional costs associated with ensuring facilities are adhering to the city's zoning rules as afforded to the municipality by the proposed legislation.

Harris County reported the county is already collecting taxes on a large portion of the business governed by the provisions of the bill. The County reported determining the amount of residential short term rental units in their jurisdiction is impossible and depending on events taking place in the county, a indeterminate number of units might be temporarily converted to bed and breakfast type rental units. Therefore, the County would be required to react to the market as the demand fluctuates. The fiscal impact to Harris County cannot be determined.

A Class C misdemeanor is punishable by a fine of not more than \$500. Costs associated with

enforcement and prosecution could likely be absorbed within existing resources. Revenue gain from fines imposed and collected is not anticipated to have a significant fiscal impact. In addition to the fine, punishment can include up to 180 days of deferred disposition.

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

**LBB Staff:** UP, KVe, SD, EK