

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 20, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3052 by Bonnen, Dennis (Relating to the allocation of state hotel occupancy tax revenue to certain barrier island coastal municipalities.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3052, As Engrossed: a negative impact of (\$157,000) through the biennium ending August 31, 2017.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	(\$73,000)
2017	(\$84,000)
2018	(\$88,000)
2019	(\$93,000)
2020	(\$98,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1	Probable Revenue Gain/(Loss) from <i>City of Quintana</i>	Probable Revenue Gain/(Loss) from <i>City of Surfside Beach</i>
2016	(\$73,000)	\$1,000	\$72,000
2017	(\$84,000)	\$1,000	\$83,000
2018	(\$88,000)	\$1,000	\$87,000
2019	(\$93,000)	\$1,000	\$92,000
2020	(\$98,000)	\$1,000	\$97,000

Fiscal Analysis

The bill would amend Section 156.2512 of the Tax Code, regarding the allocation of state hotel occupancy tax revenue to certain barrier island coastal municipalities, to change the definition of an eligible barrier island coastal municipality to include a municipality that has a population of less than 10,000 and is located in a county with a population of at least 300,000 that is adjacent to a county with a population of at least 3,000,000.

The bill would take effect September 1, 2015.

Methodology

The bill would add the cities of Surfside Beach and Quintana to the list of eligible barrier island municipalities, joining Port Aransas and South Padre Island. Data on taxable hotel receipts for hotels located on barrier islands in Surfside Beach and Quintana was multiplied by 1 percent of the state hotel occupancy tax rate for each city to estimate the loss to the General Revenue Fund and the gains to the cities. The fiscal impacts were then adjusted for the bill's effective date, and extrapolated through 2020.

Local Government Impact

The fiscal impact to local government is illustrated in the above table.

Source Agencies: 304 Comptroller of Public Accounts

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