

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 22, 2015

TO: Honorable Troy Fraser, Chair, Senate Committee on Natural Resources & Economic Development

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB3615** by Isaac (relating to the use of hotel occupancy tax revenues in certain municipalities and the authority of certain counties to impose a county hotel occupancy tax; authorizing the imposition of a tax.), **Committee Report 2nd House, Substituted**

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| No fiscal implication to the State is anticipated. |
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The bill would amend Section 351.101 to add to the municipalities authorized to use municipal hotel tax revenue for the enhancement of sports facilities or fields a municipality with a population of at least 40,000 through which the San Marcos River flows. In addition, the types of sports facilities and fields specified in law would be expanded to include rodeos.

The bill would amend Section 351.101 to add Subsection (k) to permit a city that is intersected by both State Highways 71 and 95 to use revenue from the municipal hotel occupancy tax for an existing sports facility, provided the city owns the facility and the facility was used in the preceding calendar year a combined total of more than 10 times for district, state, regional, or national sports tournaments.

The bill would add Subsection (n) to Section 352.002 to provide that a county with a population of more than 300,000, and in which there is located all or part of the most populous military installation in the state, may impose a county hotel occupancy tax. The bill would add Subsection (p) to Section 352.003 to provide that in a county authorized to impose the tax under new Subsection 352.002(n), the county tax rate in relation to a hotel located in a municipality that imposes a municipal hotel occupancy tax may not exceed a rate that, when added to the rate of the tax imposed by the municipality, exceeds the sum of the rate prescribed by Section 351.003(a) plus two percent.

Local Government Impact

Section 351.101 would allow the cities of San Marcos and Bastrop to use municipal hotel tax revenue for certain sports facilities. For an applicable municipality, an additional usage of hotel occupancy tax revenue would have no direct fiscal impact, although, it could create a savings if another revenue source had been used for the enhancement of sports facilities. Section 352.002 would authorize Bell County to impose a county hotel occupancy tax; however, as the tax rate that might be set by the county and the timing of the imposition of this tax are unknown, there could be an indeterminate revenue gain to Bell County.

Source Agencies: 304 Comptroller of Public Accounts

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