

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 18, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB4037** by Guillen (Relating to the rate of the hotel occupancy tax in certain counties and the use of revenue from the hotel occupancy tax by certain counties; authorizing an increase in the rate of a tax.), **As Engrossed**

No fiscal implication to the State is anticipated.

The bill would amend Section 352.003 of the Tax Code to allow a county that borders the Gulf of Mexico, has a population of less than 25,000, and is adjacent to a county with a population of more than 750,000 to impose a hotel occupancy tax not to exceed 9 percent of the price paid for a hotel room. The bill provides that the revenue from the tax imposed under this chapter, in addition to other uses authorized by law, may be used to acquire a site for and construct, improve, enlarge, equip, repair, operate, and maintain a visitor information center; and encourage, promote, and improve historical preservation and restoration efforts.

The bill would also amend Section 352.1033(a) of the Tax Code to provide that a county that borders the Gulf of Mexico may also use hotel tax revenue to acquire a site for and construct, improve, enlarge, equip, repair, operate, and maintain a visitor information center; and encourage, promote, and improve historical preservation and restoration efforts.

The bill would also amend Section 352.1033(c) by removing a requirement that a county bordering the Gulf of Mexico with a population of 50,000 or less must have at least one state park along with at least one national wildlife refuge.

Local Government Impact

Under the provisions of the bill Willacy and Kenedy Counties would be able to impose a county hotel occupancy tax not to exceed 9 percent of the price paid for a hotel room. As the tax rate that might be set by the counties and the timing for the imposition of this tax are unknown, there would be an indeterminate revenue gain to Willacy and Kenedy Counties. The provisions of the bill would allow all counties that border the Gulf of Mexico additional uses for hotel occupancy tax revenue. An additional use for hotel tax revenue would have no effect on revenue, but could create a savings if another revenue source had been used for these purposes.

Source Agencies: 304 Comptroller of Public Accounts

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