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: **HB4037** by Guillen (relating to the authority of certain counties to impose a hotel occupancy tax and the use of revenue from the hotel occupancy tax by certain counties; authorizing an increase in the rate of a tax; authorizing the imposition of a tax.), **Committee Report 2nd House, Substituted**

No fiscal implication to the State is anticipated.

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.

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 Bell, Willacy and Kenedy Counties would be able to impose a county hotel occupancy tax. 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 Bell, 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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