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

## FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

**March 28, 2017**

**TO:** Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

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

**IN RE:** **HB2690** by Morrison, Geanie W. (Relating to the allocation of certain state hotel occupancy tax revenue.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2690, As Introduced: an impact of $0 through the biennium ending August 31, 2019.

**However, there will be a cost of ($17,390,000) beginning in the 2020-21 biennium.**

### General Revenue-Related Funds, Five-Year Impact:

| Fiscal Year | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|---|---|
| 2018 | $0 |
| 2019 | $0 |
| 2020 | $0 |
| 2021 | ($17,390,000) |
| 2022 | ($18,190,000) |

### All Funds, Five-Year Impact:

| Fiscal Year | Probable Revenue (Loss) from *General Revenue Fund* 1 | Probable Revenue Gain from *Coastal Erosion Response* |
|---|---|---|
| 2018 | $0 | $0 |
| 2019 | $0 | $0 |
| 2020 | $0 | $0 |
| 2021 | ($17,390,000) | $17,390,000 |
| 2022 | ($18,190,000) | $18,190,000 |

### Fiscal Analysis

The bill would amend Chapter 156 of the Tax Code, regarding the state hotel occupancy tax, to allocate a share of state hotel occupancy taxes collected in certain coastal counties to a dedicated account.

The bill would add new Section 156.252 to define a "coastal county" as any county adjacent to the

Gulf of Mexico or Corpus Christi Bay. The Comptroller, beginning in 2020 not later than September 30, would allocate annually to those coastal counties an amount equal to 2 percent of the taxable receipts subject to the state's hotel occupancy tax in those counties to the coastal erosion response account.

The bill would amend Section 33.604 of the Natural Resources Code, regarding the coastal erosion response account, to include as a revenue source for this account the allocation from the state hotel occupancy tax to coastal counties under Section 156.252 of the Tax Code. This revenue would be subject only to appropriation to the General Land Office for certain coastal management program purposes that benefit a coastal county.

The bill would take effect September 1, 2017.

## Methodology

The bill's definition of coastal counties would include Cameron, Willacy, Kenedy, Kleberg, Nueces, Aransas, San Patricio, Calhoun, Matagorda, Brazoria, Galveston, Chambers and Jefferson counties. The transfer of state hotel tax revenue, assumed to commence in fiscal 2021, would be a loss to unrestricted general revenue and equivalent gain to a dedicated account for coastal erosion response. The coastal erosion response account currently is inactive. The estimated amounts were determined by calculating two percent of the state hotel tax revenue collected from the coastal counties in fiscal year 2016, extrapolated through 2022 at the annual growth rates assumed for hotel occupancy tax revenue in the 2018-19 Biennial Revenue Estimate.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either in, with, or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

## Local Government Impact

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 305 General Land Office and Veterans' Land Board

**LBB Staff:** UP, KK, SD