

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 2, 2019

TO: Honorable Dustin Burrows, Chair, House Committee on Ways & Means

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB3579 by Burrows (Relating to the calculation, collection, and remittance of state hotel occupancy taxes.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3579, As Introduced: a positive impact of \$78,000,000 through the biennium ending August 31, 2021.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	\$28,000,000
2021	\$50,000,000
2022	\$52,200,000
2023	\$54,400,000
2024	\$56,800,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from <i>General Revenue Fund</i> 1
2020	\$28,000,000
2021	\$50,000,000
2022	\$52,200,000
2023	\$54,400,000
2024	\$56,800,000

Fiscal Analysis

The bill would amend Chapter 156 of the Tax Code regarding state hotel occupancy tax.

The bill would amend Section 156.051(b) to impose a tax on the price of a room or space in a hotel including all charges related to the use or possession of the room or space. The price of the room or space does not include charges for food or personal or telecommunications services if those charges are separately itemized.

The bill would amend Section 156.052 to clarify that the tax imposed on the price paid for a room applies to the price paid for space in a hotel, and would make a conforming amendment of Section 156.101.

The bill would amend Section 156.053 relating to the collection of tax to provide that a person who collects payment for a room or space in a hotel but does not own, operate, manage, or control the hotel shall collect the state hotel tax for the state and certify to the person who owns, operates, manages, or controls the hotel that the tax has been collected and will be paid to the comptroller.

Further, Section 156.151(a) would be amended to include in the report the total amount of payments collected by the person for rooms or spaces.

The bill would take effect January 1, 2020.

Methodology

The total market share of those persons who collect payments for hotel bookings but do not own, operate, manage, or control a hotel was estimated based on industry reports, multiplied by the estimates of hotel tax revenue adopted for the *2020-21 Biennial Revenue Estimate* and by the estimated percentage of total hotel room charges that are currently going untaxed. The resulting estimates were adjusted for unknowns and extrapolated through 2024.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: WP, KK