

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

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**April 3, 2019**

**TO:** Honorable Angie Chen Button, Chair, House Committee on Urban Affairs

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

**IN RE: HB3778** by Button (Relating to regulation of short-term rental units; authorizing a civil penalty; limiting the amount of a fee.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3778, As Introduced: a negative impact of (\$336,000) 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	(\$336,000)
2021	\$0
2022	\$0
2023	\$0
2024	\$0

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1
2020	(\$336,000)
2021	\$0
2022	\$0
2023	\$0
2024	\$0

**Fiscal Analysis**

The bill would amend the Local Government Code and the Tax Code to restrict the authority of municipalities to regulate short-term rental units and would cap the allowable fee for registration of these units at the lesser of the amount needed to cover administrative costs or \$450.

The bill would require a person who facilitates a short-term rental but does not collect tax as required under the bill to file a periodic report with the Comptroller of Public Accounts (CPA)

with specified information about the property. The bill would authorize CPA to prescribe a form for this report and would require CPA to establish and to maintain a statewide database of municipalities that have adopted short-term rental unit ordinances and to publish the database on the office's Internet website.

According to CPA, the bill would have no fiscal impact on the State. The bill would impose an administrative cost on CPA from the provision requiring development of a database. The bill would have no state revenue implications.

The bill would take effect September 1, 2019.

### **Methodology**

CPA provided the results of an analysis of the requirements of the bill pertaining to the development of a database to track required periodic reports.

### **Technology**

According to CPA, there would be a one-time technology cost of \$336,000 in fiscal year 2020 for an estimated 2,240 hours of database coding and programming changes for the statewide database.

### **Local Government Impact**

According to CPA, the bill could affect municipal penalty revenue.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** WP, AF, SD, GP, LCO