

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

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

**May 21, 2019**

**TO:** Honorable Dan Patrick, Lieutenant Governor, Senate

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

**IN RE:** **SB1319** by Birdwell (Relating to an annual report submitted to the comptroller by a county that imposes certain hotel occupancy taxes.), **As Passed 2nd House**

**No significant fiscal implication to the State is anticipated.**

The bill would amend Subchapter A of Chapter 352 of the Tax Code, regarding county hotel occupancy taxes, to add Section 352.009 to require a county to file an annual report with the Comptroller stating its county hotel occupancy tax rate and the amount of revenue it collected during the county's preceding fiscal year. The bill would impose a due date for the report of February 20 of each year, and a requirement to submit the information by form prescribed by the Comptroller, or by direct link, or by clear statement describing the location of the information required to be reported that is posted on the county's internet website. The bill would allow the Comptroller to adopt rules necessary to administer this section. The Comptroller indicates they could absorb the responsibilities required by this section of the bill within existing resources.

The bill would amend Chapters 334, 504, and 505 of the Local Government Code regarding the municipal and county sales and use tax for sports and community venues and economic development corporations.

Sections 504.263 and 505.260 would be added to authorize municipalities and counties that meet certain conditions to convert all or a portion of a sales and use tax originally adopted for sports and community venues, to a sales and use tax for Type A and Type B economic development corporations, if the conversion is approved at an election by voters in the municipality. An eligible municipality is one that has: a population of more than 200,000 that borders the United Mexican States; adopted a sports and community venues sales and use tax; and as of September 1, 2019 has or will have outstanding bonds, issued under Section 334.043 to pay for the cost of approved venue projects, that are partly or wholly payable from the related sales and use tax. An eligible county is one that borders the United Mexican States that has a population of less than 300,000 and contains one or more municipalities with a population of 200,000 or more that hold an annual jalapeno festival.

Section 334.090 would be added to provide that a sales and use tax for sports and community venues is abolished or reduced on the effective date of a conversion of all or a portion of the tax under new Sections 504.263 or 505.260.

An adopted sales and use tax conversion would become effective on the first day after the date all bonds issued under Section 334.043 to pay for the cost of approved venue projects have been paid

in full, or the full amount necessary to pay the bonds in full has been set aside in a trust account dedicated to the payment of bonds and other obligations.

The conversion of all or a portion of a sales and use tax under Sections 504.263 and 505.260 does the following: abolish or reduce a sports and community venues sales and use tax rate under Section 334; impose a sales and use tax rate at the same rate as the tax under Section 334 was imposed if that tax is abolished, or at a rate equal to the reduction in the tax rate under Section 334 if that rate is reduced; and may not affect the combined rate of all local sales and use taxes imposed.

This bill would require municipalities that adopt a sales and use tax conversion to notify the Comptroller not later than the 60th day before the effective date of the conversion.

This bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise it would take effect September 1, 2019.

### **Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

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

**LBB Staff:** WP, SZ, SD, KK