LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 6, 2019

TO: Honorable Brian Birdwell, Chair, Senate Committee on Natural Resources & Economic Development

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

IN RE: **SB1719** by Lucio (Relating to the allocation of certain state hotel occupancy tax revenue.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1719, Committee Report 1st House, Substituted: an impact of $0 through the biennium ending August 31, 2021.

The Comptroller of Public Accounts is required to implement a provision of this Act only if the legislature appropriates money specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, the Comptroller may, but is not required to, implement a provision of this Act using other appropriations available for that purpose.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	$0
2021	$0
2022	($17,670,000)
2023	($18,480,000)
2024	($19,310,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from *General Revenue Fund* 1	Probable Revenue Gain/(Loss) from *New General Revenue Dedicated Account for Coastal Erosion Response*
2020	$0	$0
2021	$0	$0
2022	($17,670,000)	$17,670,000
2023	($18,480,000)	$18,480,000
2024	($19,310,000)	$19,310,000

Fiscal Analysis

The bill would amend the Natural Resources and Tax Codes to allocate a share of state hotel occupancy taxes collected in certain coastal counties to a General Revenue-Dedicated coastal erosion response account, beginning with the state fiscal year beginning September 1, 2021. The bill would make the allocated tax revenue subject only to appropriation to the General Land Office for certain coastal management program purposes that benefit a coastal county. The bill would make these provisions expire September 1, 2031.

The bill would take effect September 1, 2019.

Note: 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. Legislative policy, implemented as Government Code 403.095, consolidated special funds (except those affected by constitutional, federal, or other restrictions) into the General Revenue Fund as of August 31, 1993 and eliminated all applicable statutory revenue dedications as of August 31, 1995. Each subsequent Legislature has reviewed bills that affect funds consolidation. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

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 Comptroller of Public Accounts, beginning with the state fiscal year beginning September 1, 2021 and not later than September 30 of each state fiscal year, would allocate annually to those coastal counties an amount equal to two percent of the taxable receipts subject to the state's hotel occupancy tax in those counties to the General Revenue-Dedicated coastal erosion response account. Any revenue derived from hotel occupancy taxes under Chapter 156 of the Tax Code that is placed in a suspense account under Section 151.429(h) (sales tax and use tax rebate for qualified hotel projects) or Section 2303.5055(f) of the Government Code (tax rebates from qualified hotel projects) would be excluded from this computation.

The transfer of state hotel tax revenue, assumed to commence in fiscal year 2022, would be a loss to General Revenue Funds and an 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 2018, extrapolated through 2024 at the annual growth rates assumed for hotel occupancy tax revenue in the 2020-21 Biennial Revenue Estimate.

Local Government Impact

No significant 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: WP, LBO, SZ, JQ