

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

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**May 29, 2021**

**TO:** Honorable Dan Patrick, Lieutenant Governor, Senate  
Honorable Dade Phelan, Speaker of the House, House of Representatives

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: SB696** by Zaffirini (Relating to authorizing certain counties to impose a hotel occupancy tax, the applicability and rates of that tax in certain counties, and the use of revenue from that tax.),  
**Conference Committee Report**

<b>No fiscal implication to the State is anticipated.</b>
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The bill would amend Chapter 352 of the Tax Code, regarding county hotel occupancy taxes.

The bill would amend Section 352.002 by adding Subsection (bb) to provide that the commissioners court of a county with a population of less than 60,000 in which an annual strawberry festival is held in a location that is not the county seat of the county may impose a hotel occupancy tax. The bill also would amend Section 352.002 by adding Subsection (dd) to provide that the commissioners court of a county with a population of not more than 40,000 that borders the Red River and includes a wildlife management area may impose a hotel occupancy tax.

The bill would amend Section 352.003 by adding Subsection (y) and (z) to provide that the tax rate in a county authorized to impose the tax under Section 352.002(a)(4) and 352.002(bb) may not exceed two percent of the price paid for a room in a hotel.

The bill would add Section 352.112 to allow a county authorized to impose the tax under Section 352.002(bb) to use its hotel tax revenue only for the construction, enlarging, equipping, improvement, maintenance, repairing and operation of a civic center with an arena used for rodeos, livestock shows, and agricultural expositions to substantially enhance hotel activity and encourage tourism. The bill would add add Section 352.114 to authorize the county authorized to impose the tax under Section 352.002(a)(4) to use its tax revenue for up to 10 years to make repairs and improvements to an airport owned by the county.

The bill would have no state revenue implications.

The bill would take effect September 1, 2021.

**Local Government Impact**

The bill would allow Atascosa County and Fanin County to impose a county hotel occupancy tax. The bill would cap the county hotel occupancy tax rate at 2 percent in Maverick County and Atascosa County. The bill would prescribe the allowable use of county hotel occupancy tax revenue in Maverick County and Atascosa County.

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

**LBB Staff:** JMc, KK, AJL, SD, BRI