

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 11, 2021

TO: Honorable Morgan Meyer, Chair, House Committee on Ways & Means

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB696 by Zaffirini (relating to the imposition, rate, and use of hotel occupancy taxes in certain counties and municipalities; authorizing certain counties to impose a hotel occupancy tax; reducing the maximum rate of the hotel occupancy tax imposed by certain counties.), **Committee Report 2nd House, Substituted**

No fiscal implication to the State is anticipated.

The bill would amend Chapters 351 and 352 of the Tax Code, regarding municipal and county hotel occupancy tax.

The bill would amend Section 351.10692 regarding the allocation and use of municipal hotel occupancy tax revenue in 1) a municipality located in a county with a total area of more than 6,000 square miles and 2) a municipality located in a county with a total area of more than 3,850 square miles but less than 4,000 square miles. The bill addresses the use of this revenue for the preservation of dark skies through construction and maintenance of infrastructure and the purchase and installation of hardware that reduces light pollution and sky glow and would place limitations on the use of this revenue.

The bill would amend Section 352.102 regarding the use of county hotel occupancy tax in counties bordering Mexico and would allow counties described by Sections 352.002(a)(7) and 352.002(a)(14) to use revenue for the preservation of dark skies. The bill would repeal Section 351.1035 regarding allocation of municipal hotel occupancy tax revenue in certain border counties.

The bill would amend Section 352.002 by adding Subsection (bb) to provide that the commissioner's 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 county hotel occupancy tax as provided by Subsection (a). The bill would amend Section 352.003 by adding Subsection (z) to provide that the tax rate in a county authorized to impose the tax under Section 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 amend Section 352.003 by adding Subsection (y) to impose a two percent county tax rate ceiling for a county where there is an Indian reservation under the jurisdiction of the United States government. The bill would amend Section 352.002(d) to allow that county's tax to apply in a municipality which imposes a municipal hotel occupancy tax, and would add Section 352.114 to authorize the same county to use its tax revenue to make improvements to an airport for up to ten years.

The bill would affect the manner in which 1) all cities in Presidio and Brewster counties could allocate and use municipal hotel occupancy tax revenue and the manner in which Jeff Davis and Brewster counties could allocate and use county hotel occupancy tax revenue; 2) would allow Atascosa County to impose a county hotel tax at a rate not to exceed two percent; and 3) would allow Maverick County to impose a tax at a rate not to exceed two percent and to use the tax revenue to make improvements to an airport.

The bill would have no state revenue implications. Implications for the units of local government cannot be determined.

This bill would take effect September 1, 2021.

Local Government Impact

The bill would affect the manner in which 1) all cities in Presidio and Brewster counties could allocate and use municipal hotel occupancy tax revenue and the manner in which Jeff Davis and Brewster counties could allocate and use county hotel occupancy tax revenue; 2) would allow Atascosa County to impose a county hotel tax at a rate not to exceed two percent; and 3) would allow Maverick County to impose a tax at a rate not to exceed two percent and to use the tax revenue to make improvements to an airport.

Source Agencies: 304 Comptroller of Public Accounts

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