LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 22, 2025

TO: Honorable Phil King, Chair, Senate Committee on Economic Development

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **SB2532** by Middleton (Relating to the calculation of the voter-approval tax rate for certain municipalities that receive municipal hotel occupancy tax revenue.), **As Introduced**

No fiscal implication to the State is anticipated.

For the purposes of Chapter 26 of the Tax Code the bill would define the following:
"eligible coastal municipality" to mean a home-rule municipality that the borders on the Gulf of Mexico and has a population less than 80,000 and has created a park board of trustees under the Local Government Code;

"misspent hotel occupancy tax revenue" to mean an amount equal to the amount of municipal hotel occupancy tax revenue received by an eligible coastal municipality during the preceding tax year that was not distributed to the municipality's park board of trustees and was spent by the municipality for any purpose; and

"misspent hotel occupancy tax revenue rate" to mean the rate expressed in dollars per $100 of taxable value according to the following formula: Misspent Hotel Occupancy Tax Revenue Rate = Misspent Hotel Occupancy Tax Revenue / Current Total Value.

The bill would define the "voter-approval tax rate for an eligible coastal municipality" in Chapter 26 of the Tax Code to be equal the voter-approval tax rate for a taxing unit other than a special taxing unit under current law less the misspent hotel occupancy tax revenue rate.

Local Government Impact

The voter-approval tax rate for an eligible coastal municipality could be reduced relative to current law to the extent the eligible coastal municipality spent municipal hotel occupancy tax revenue in the preceding tax year.

Source Agencies:
LBB Staff: JMc, RStu, SD, BRI, KK