

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

Revision 2

April 9, 2003

TO: Honorable Jim Keffer, Chair, House Committee on Economic Development

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB262 by Wolens (relating to the funding of convention center hotel facilities in certain municipalities.), **Committee Report 1st House, Substituted**

No fiscal implication to the State is anticipated.

The bill would amend Sections 351.001(2) and 351.102(a) of the Tax Code, and related sections in the Government Code, to define a qualifying municipality, for purposes of designating a qualified hotel project, as a municipality with a population of 550,000 or more.

The 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, 2003.

Based upon the experience of the city of Houston, a qualified hotel project could take approximately seven years to be completed.

The following analysis is based on an example of one qualified hotel project:

Due to the provisions of the bill, there would be a loss to the state of approximately \$2 million per year from lost tax revenue when the project is completed. However, based upon an analysis performed using a leading economic forecasting and policy analysis model created by REMI (Regional Economic Models, Inc.), the project can be expected to generate in state tax revenue approximately \$14 million over the initial construction period, and approximately \$2.5 million each year for the hotel, including shops, parking facilities, and any other facilities ancillary to the hotel. This amount would more than offset the cost to the state from the provisions of the bill.

Local Government Impact

A hotel project under the provisions of the bill could be refunded affected local tax revenues.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JK, JRO, WP, SD, JO