

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 15, 2009

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB2032 by England (Relating to the authority of certain municipalities to use tax revenue for certain venue projects.), **As Passed 2nd House**

No fiscal implication to the State is anticipated.

SECTION 1 of the bill would amend Chapter 334 of the Local Government Code to allow a municipality with a population of at least 176,000, that borders the Rio Grande, and that approved a sports and community venue project before January 1, 2009; or is located in a county adjacent to the Texas-Mexico Border if the county has a population of at least 500,000, the county does not have a city with a population of at least 500,000, and the municipality is the largest in the county to hold an election to authorize the municipality to plan, acquire, establish, develop, construct, or renovate a convention center and related infrastructure in the city limits.

The bill would allow the municipality to impose a hotel occupancy tax at a rate not to exceed two percent of the cost of a room, and authorize the municipality to finance, operate, and maintain the venue project using the revenue from any taxes imposed by the municipality under this chapter. The resolution would pass if it is approved by a majority of the votes cast in an election.

SECTION 2 of the bill would amend Section 334.2516(a) of the Local Government Code. Based on the applicability criteria in this section of the bill, it would only apply to the City of Grand Prairie.

SECTION 3 of the bill would amend Section 351.001(7) of the Tax Code. Based on the applicability criteria in this section of the bill, it appears it would apply to the Cities of Arlington, Irving, Pasadena, and Garland.

SECTION 4 of the bill would amend Section 1504.003(a) of the Government Code to require bonds issued under Subchapter A for a convention center facility to be secured, and be payable from all or part of the revenue from the facility or from additional sources available from the municipality.

Local Government Impact

According to information provided by various municipalities, there would be costs associated with conducting elections and unknown revenue gain if the taxes imposed are approved by voters to finance certain venue projects.

Source Agencies:

LBB Staff: JOB, SD, JRO, TP