

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

March 20, 2013

TO: Honorable John Davis, Chair, House Committee On Economic & Small Business Development

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1603 by Geren (Relating to the use of certain tax revenue to enhance and upgrade convention center facilities, multipurpose arenas, multiuse facilities, and related infrastructure in certain municipalities.), **As Introduced**

The fiscal implication to the state is indeterminate.

The bill would amend Chapter 351 of the Tax Code regarding the municipal hotel occupancy tax and other taxes.

The bill would add new Section 351.1015 to allow a municipality with a population of at least 650,000, but less than 800,000, to use certain tax revenue to fund a "qualified project." The bill would define a qualified project as the construction, improvement, enlargement, and equipment of a convention center facility, a multipurpose arena, a multiuse facility, and any related infrastructure. A qualified project would be located in a "project financing zone" as defined in the bill. The boundaries of the zone are not designated in the bill but are to be within three miles of a qualified project.

The bill would entitle, for a period of 30 years, the municipality to receive the incremental growth in state sales and use taxes and the state hotel occupancy taxes collected by hotels within the project financing zone, and would permit the funds to be pledged for bonds or other obligations for the qualified project, less the amount distributed to a qualified hotel project already within a zone in the year the zone is designated.

The bill would require that a qualified project be located in a project financing zone on land owned by a municipality or by the owner of a venue as described by Section 334.001 of the Local Government Code; be partially financed by private contributions totaling at least 40 percent of the project costs; and be related to the promotion of tourism and the convention and hotel industry.

The bill would take effect September 1, 2013.

The Comptroller of Public Accounts reports that the fiscal implications of the bill cannot be determined. While the bill would limit eligibility of municipalities based on population, and provides that the zone is within three miles of a qualified project, the Comptroller of Public Accounts reports that the limitation is ambiguous, but assumed to lie within the City of Fort Worth. The location of the zone is not defined in the bill.

The year of designation of the zone, which would determine the years that could be affected by the bill's provisions, is also not defined by the bill.

Local Government Impact

As the cities that could be affected by the bill's provisions is unclear, zone boundaries are not described in detail or defined, and the year of a zone's designation is not given in the bill, the Comptroller of Public Accounts reports that the fiscal implications to units of local government cannot be estimated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, RB, SD, AG