LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 16, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **SB748** by Nelson (Relating to the use of certain tax revenue to enhance and upgrade convention center facilities, multipurpose arenas, venues, and related infrastructure in certain municipalities.), **Committee Report 2nd House, Substituted**

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 750,000, to use certain tax revenue to fund a "Qualified Project." The bill would define a qualified project as a convention center facility, a multipurpose arena or venue, and any related infrastructure or a venue as defined by Section 334.001 of the Local Government Code. A qualified project would be located in a "Project Financing Zone" as defined in the bill.

The bill would entitle the municipality, for a period of up to 30 years, to receive the incremental growth in state sales and use taxes, state hotel occupancy taxes, and state mixed beverage taxes collected by or at hotels within the project financing zone, less the amount distributed to a qualified hotel project already within a zone in the year the zone is designated. The municipality would be permitted to pledge the funds for bonds or other obligations for the qualified project. The municipality also would be permitted to pledge for the payment of such bonds or obligations the local revenues from hotels in the zone that would be available to owners of qualified hotel projects under Section 2303.5055(e) of the Government Code were those hotels qualified hotel projects, excluding amounts received by the municipality for a project described by Section 351.102(b) existing in the zone on the date 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; that if not a convention center facility, that it be partially financed by private contributions totaling at least 40 percent of the project costs; and that it 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 due to certain ambiguities. 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. However, the bill's stipulations indicate that it is defined as 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