

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 8, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **SB1719** by Rodríguez (Relating to the construction, remodeling, or rehabilitation of certain hotel projects.), **As Engrossed**

No fiscal implication to the State is anticipated.

The bill would amend Chapter 2303, Government Code, and Chapters 151 and 351, Tax Code, regarding certain hotel projects.

The bill would expand the definition of a qualified hotel project to include a hotel proposed to be constructed, remodeled, or rehabilitated by a municipality or a nonprofit municipally sponsored local government corporation created under Chapter 431, Transportation Code, that is within 3,000 feet of a convention center owned by a municipality having a population of more than 500,000 and that borders the United Mexican States.

The bill would amend Section 2303.5055(b), Government Code, and Section 351.102(a), Tax Code, to include a municipality having a population of more than 500,000 and that borders the United Mexican States among municipalities eligible to agree to guarantee certain bonds or other obligations from hotel occupancy taxes.

The bill would amend Section 151.429(h), Tax Code, to exclude a qualified hotel project described by Section 2303.003(8)(B), of the Government Code, from the provisions of this section.

The bill would amend Section 351.001(2), Tax Code, to expand the definition of convention center facilities or a convention center complex to include a hotel proposed to be constructed, remodeled, or rehabilitated by a municipality or a nonprofit municipally sponsored local government corporation created under Chapter 431, Transportation Code, that is within 3,000 feet of a convention center owned by a municipality having a population of more than 500,000 and that borders the United Mexican States.

The bill would take effect immediately if it receives the requisite two-thirds vote of each house; otherwise, it would take effect September 1, 2013.

Local Government Impact

The bill would allow the owner of a qualified hotel project undertaken in the City of El Paso to enter an agreement with units of local government to receive, for a period not to exceed 10 years pursuant to Section 2303.5055, Government Code, a rebate, refund, or payment of proceeds from eligible local taxes including hotel occupancy taxes, ad valorem taxes, sales and use taxes, and mixed beverage taxes generated, paid, or collected by the hotel or by businesses located at the hotel. There could be an indeterminate revenue loss to units of local government depending on the number of qualified hotel projects that may become eligible for receipt of such tax revenues under the bill's provisions.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, RB, SD, AG