

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 9, 2013

TO: Honorable Bob Deuell, Chair, Senate Committee on Economic 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 Introduced**

There could be an indeterminate revenue loss to the State depending on the number of qualified hotel projects that may become eligible for receipt of such tax revenues under the provisions of the bill.

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

Section 2303.003(8), Government Code, would be amended to 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.

Section 2303.5055(b), Government Code, and Section 351.102(a), Tax Code, would be amended 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.

Section 351.001(2), Tax Code, would be amended 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 the membership of each house; otherwise, it would take effect September 1, 2013.

The effect of the bill is to allow the owner of a qualified hotel project undertaken in the City of El Paso to receive pursuant to Section 151.429(h), Tax Code, a rebate, refund, or payment of state sales and use tax and state hotel occupancy tax paid or collected at the hotel during the first 10 years after the hotel is open for initial occupancy, as well as 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. Whether or when such a qualified hotel project may become eligible for receipt of such tax revenues is not known, and the fiscal implications of the bill cannot be determined.

Local Government Impact

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