

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**April 21, 2015**

**TO:** Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB2095** by Sanford (relating to the authority of certain municipalities to undertake a qualified hotel project.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2095, Committee Report 1st House, Substituted: a negative impact of (\$90,000) through the biennium ending August 31, 2017.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	\$0
2017	(\$90,000)
2018	(\$90,000)
2019	(\$90,000)
2020	(\$90,000)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1
2016	\$0
2017	(\$90,000)
2018	(\$90,000)
2019	(\$90,000)
2020	(\$90,000)

**Fiscal Analysis**

The bill would amend Chapter 2303 of the Government Code, regarding enterprise zones, to expand the definition of a "qualified hotel project" to include a hotel, including a privately owned hotel adjoining a convention center owned by a political subdivision, in a municipality with a population of 130,000 or more located within 50 miles of the state's border with Oklahoma, or to include a nonprofit municipally sponsored local government corporation created under Chapter 431 of the Transportation Code.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2015.

### **Methodology**

In fiscal year 2014, a total of \$11,308,406 in state revenue was allocated for qualified hotel projects. Currently the cities of Dallas, Fort Worth and San Antonio receive allocations of state sales and use tax and state hotel tax associated with qualified hotel projects. The following estimate is based on amounts of state sales and hotel tax revenues retained by the existing qualified hotel projects in relation to their share of host city hotel markets as indicated by state hotel tax receipts, and applied to the size of the McKinney hotel market. The estimate assumes a qualified hotel would not be operational until fiscal 2017.

### **Local Government Impact**

A qualified hotel project under Section 2303.003(8)(C) as amended, the city of McKinney would be entitled to state sales tax and state hotel tax associated with a qualified hotel project under Section 151.429(h) of the Tax Code via Section 351.102(b) & (c) of the Tax Code. Such funds must be deposited in a suspense account outside the state treasury to be paid to the owner of the qualified hotel project.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** UP, KK, AG