

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 28, 2017

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HR2618 by Stucky (Suspending limitations on conference committee jurisdiction, H.B. No. 2445.)

Estimated Two-year Net Impact to General Revenue Related Funds for HR2618, As Introduced: a negative impact of (\$801,000) through the biennium ending August 31, 2019.
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General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2018	(\$368,000)
2019	(\$433,000)
2020	(\$491,000)
2021	(\$1,624,000)
2022	(\$2,229,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from General Revenue Fund 1
2018	(\$368,000)
2019	(\$433,000)
2020	(\$491,000)
2021	(\$1,624,000)
2022	(\$2,229,000)

Fiscal Analysis

The resolution would add a new Subsection (c-1) to Tax Code Section 351.102.

The resolution would add the following municipalities to added Subsection (e) of Tax Code Section 351.102 to extend the application of the section to:

9. a municipality with a population of less than 2,000 that is located adjacent to a bay connected to the Gulf of Mexico and is located in a county with a population of 290,000 or more

that is adjacent to a county with a population of four million or more and has a boardwalk on the bay;

10. a municipality with a portion of 75,000 or more that is located wholly in one county with a population of 575,000 or more that is adjacent to a county with a population of four million or more and has adopted a capital improvement plan for the construction or expansion of a convention center facility;

11. municipality with a population of less than 75,000 that is located in three counties, at least one of which has a population of at least four million; and

12. an eligible coastal municipality with a population of more than 3,000 but less than 5,000.

Methodology

With respect to the amendments of Section 351.102, the following municipalities would be affected, making them eligible for refunds of certain state taxes in connection with a qualified hotel project, and have plans for convention hotel projects as follows:

The City of Laredo currently has plans to designate an existing hotel as a project hotel in conjunction with a new convention center facility expected to be operational in the fall of 2021. Certain existing hotels owned by the city of Laredo would also be eligible for rebates of state taxes.

The City of Sugar Land currently has plans for a 350 room convention center hotel expected to be operational in January 2021.

The City of Katy currently has plans for a 305 room convention center hotel expected to be operational in the fall of 2020.

The City of Port Aransas currently has no plans for a convention center hotel.

The City of Kemah plans to begin a study for a convention center hotel project if legislation authorizing rebates of state tax is enacted, but has no current plans for such a hotel project. Rebates of state tax for a Kemah project would consequently be unlikely before fiscal year 2022.

Local Government Impact

The resolution would add several municipalities to the list of municipalities in HB 2445 that would be eligible for the refund of certain taxes in connection with a qualified hotel project.

Source Agencies:

LBB Staff: UP, SD, KK