

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

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**April 11, 2021**

**TO:** Honorable Morgan Meyer, Chair, House Committee on Ways & Means

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB1851** by Bucy (Relating to the authority of certain municipalities to receive certain tax revenue derived from a hotel and convention center project and to pledge certain tax revenue for the payment of obligations related to the project.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1851, As Introduced : an impact of \$0 through the biennium ending August 31, 2023.

A negative fiscal impact to the state would begin in fiscal year 2025.

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

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2022	\$0
2023	\$0
2024	\$0
2025	(\$1,010,000)
2026	(\$1,050,000)

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

<i>Fiscal Year</i>	<i>Probable Revenue Gain/(Loss) from General Revenue Fund 1</i>
2022	\$0
2023	\$0
2024	\$0
2025	(\$1,010,000)
2026	(\$1,050,000)

**Fiscal Analysis**

The bill would amend Section 351.152 of the Tax Code to provide authority for a municipality with a population of less than 500,000 that is located in two counties and adjacent to a municipality described by Subdivision (31) to use rebates of state sales and use tax and hotel tax revenue for hotel and convention center projects.

The bill would take effect immediately if it received a vote of two-thirds in both chambers. If not the bill would take effect September 1, 2021.

## **Methodology**

The bill's provisions would apply to the City of Leander. Leander would be entitled to receive state sales and use tax and state hotel tax revenue generated, paid, and collected by a qualified hotel and each restaurant, bar, and retail establishment located in or connected to the hotel. Entitlement to state tax revenue would be for a period of 10 years after the qualified hotel is open for initial occupancy.

Leander has proposed plans for a 275 room hotel with 30,000 square feet of convention center space in the Northline mixed-use project in Leander's transit-oriented development area between Austin Community College's San Gabriel campus and St. David's hospital which includes shopping, dining, entertainment, apartments, townhomes, offices and a hotel.

This estimate is based on the planned room size of the prospective hotel, an assumed average nightly room rate and annual average occupancy rate, and the ratio of state sales tax to hotel tax revenues paid to the owners of extant qualified hotel projects.

## **Local Government Impact**

The bill's provisions would apply to the City of Leander. Leander would be entitled to receive state sales and use tax and state hotel tax revenue generated, paid, and collected by a qualified hotel and each restaurant, bar, and retail establishment located in or connected to the hotel. Entitlement to state tax revenue would be for a period of 10 years after the qualified hotel is open for initial occupancy.

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

**LBB Staff:** JMc, KK, SD, BRI