

**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: HB2690** by Reynolds (Relating to the authority of certain municipalities to receive certain tax revenue derived from a hotel and convention center project and related establishments 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 HB2690, As Introduced : an impact of \$0 through the biennium ending August 31, 2023.

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

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

<i>Fiscal Year</i>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2022	\$0
2023	\$0
2024	\$0
2025	(\$9,770,000)
2026	(\$10,160,000)

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

<i>Fiscal Year</i>	<b>Probable Revenue Gain/(Loss) from General Revenue Fund 1</b>
2022	\$0
2023	\$0
2024	\$0
2025	(\$9,770,000)
2026	(\$10,160,000)

**Fiscal Analysis**

The bill would amend Sections 351.152, 351.153, and 351.157 of the Tax Code to permit a municipality with a population of more than 67,000 located in two counties with 90 percent of the municipality's territory in a county with a population of at least 580,000 and the remaining territory in a county with a population of at least 4 million 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 upon enactment, assuming it received the requisite two-thirds majority

votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2021.

### **Methodology**

The bill would apply to the City of Missouri City. Missouri City 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 not more than 1,000 feet from the hotel or qualified convention center. Entitlement to state tax revenue would be for a period of 10 years after the qualified hotel is open for initial occupancy.

Missouri City has proposed plans for a 1,000 room hotel and mixed-use project near Highway 6 and the Fort Bend Toll Road which includes shopping, dining, entertainment and a hotel. Planned opening date would be September 2024 or state fiscal year 2025.

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 the extant qualified hotel project authorized for the additional entitlement to state sales tax revenue from establishments within 1,000 feet of the project hotel as provided under Section 351.157.

### **Local Government Impact**

The bill would apply to the City of Missouri City. Missouri City 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 not more than 1,000 feet from the hotel or qualified convention center. 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