

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 25, 2021

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB4297** by Wilson (Relating to the period during which certain municipalities may receive certain tax revenue associated with hotel and convention center projects.), **As Introduced**

Passage of the bill would extend by three years the amount of time the City of Round Rock is eligible 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. As a result, there would be a revenue loss to the General Revenue Fund of (\$7,030,000) in fiscal year 2031, (\$7,380,000) in fiscal year 2032, and (\$7,750,000) in fiscal year 2033. There would be no fiscal implications to the state in the biennium ending August 31, 2023.

The bill would amend Section 351.158 of the Tax Code to allow a municipality described by Section 351.152(10) to receive revenue from its hotel project until the 13th anniversary of the date the qualified hotel to which the entitlement relates is open for initial occupancy.

The bill's provisions would apply to the City of Round Rock which is eligible under current law 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 for a period of ten years. This bill would extend the entitlement to state tax revenue rebates for an additional three years to a total of 13 years after the qualified hotel is open for initial occupancy. An application for hotel project rebates for Kalahari Resorts & Conventions Round Rock, which opened November 12, 2020, is currently pending. The bill would entitle the project to receive additional rebates of state tax revenues in fiscal years 2031, 2032, and 2033. The estimates are extrapolated from state sales tax and hotel tax collections in relation to the project since its opening date. The estimated revenue loss to General Revenue is \$7,030,000 in fiscal year 2031, \$7,380,000 in fiscal year 2032, and \$7,750,000 in fiscal year 2033.

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.

Local Government Impact

The bill's provisions would apply to the City of Round Rock which is eligible under current law 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 for a period of ten years. This bill would extend the entitlement to state tax revenue rebates for an additional three years to a total of 13 years after the qualified hotel is open for initial occupancy.

Source Agencies: 304 Comptroller of Public Accounts

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