

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 2, 2023

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB4848 by Thimesch (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 HB4848, As Introduced : an impact of \$0 through the biennium ending August 31, 2025.

However, there would be a negative impact to General Revenue Related Funds beginning in fiscal year 2027.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2024	\$0
2025	\$0
2026	\$0
2027	(\$1,240,000)
2028	(\$1,290,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1
2024	\$0
2025	\$0
2026	\$0
2027	(\$1,240,000)
2028	(\$1,290,000)

Fiscal Analysis

The bill would amend Section 351.157(b), relating to Additional Entitlement for Certain Municipalities, to add as (12) a municipality described by Section 351.152(41) (a municipality with a population of 36,000 or more that is adjacent to at least two municipalities described by Subdivision (15)) and Section 351.157(c) to add as (12) (for a municipality described by (b)(12)) restaurants, bars, retail establishments, and swimming pools and swimming facilities owned or operated by the related qualified hotel. Other sections would be renumbered accordingly.

Methodology

The bill's provisions would affect the city of The Colony.

The Colony is already eligible to receive funds described in Sections 351.156, relating to Entitlement to Certain Tax Revenue, which provides, in relevant part, that a municipality to which Section 351.152 applies is entitled to receive from the qualified hotel and each restaurant, bar, and retail establishment located in or connected to the hotel or the related qualified convention center facility, the state sales and use tax and the state hotel occupancy tax. Through this bill The Colony would be eligible to receive funds described in Section 351.157(d) which provides, in relevant part, that a municipality to which the section applies is entitled to receive the revenue derived from the state sales and use taxes, and local mixed beverage taxes generated, paid, and collected from a qualified establishment. Section 351.158, relating to Period of Entitlement, would entitle The Colony to receive the revenue until the tenth anniversary of the date the qualified hotel to which the entitlement relates is open for initial occupancy.

The city of The Colony has no current plans for a qualified hotel with the additional entitlement from restaurants, bars, retail establishments, swimming pools and swimming facilities as provided under Section 351.157 but could avail itself of the tax rebates should eligibility be acquired through this legislation. The estimate is based on an assumed opening date of September 1, 2026, or state fiscal year 2027, a comparison and review of revenues paid to the owners of extant qualified hotel projects, and estimated attributes of such prospective hotel.

Local Government Impact

The bill's provisions would affect the city of The Colony.

Through this bill The Colony would be eligible to receive funds described in Section 351.157(d) which provides, in relevant part, that a municipality to which the section applies is entitled to receive the revenue derived from the state sales and use taxes, and local mixed beverage taxes generated, paid, and collected from a qualified establishment.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, KK, SD, BRI