

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 9, 2023

TO: Honorable Brian Birdwell, Chair, Senate Committee on Natural Resources & Economic Development

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB720 by Paxton (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 SB720, As Introduced : an impact of \$0 through the biennium ending August 31, 2025.

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	(\$400,000)
2028	(\$420,000)

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	(\$400,000)
2028	(\$420,000)

Fiscal Analysis

This bill would amend Chapter 351 of the Tax Code, relating to Municipal Hotel Occupancy Taxes, to add Section 351.152(46), adding a municipality that has a population of 100,000 or more and is wholly located in, but is not the county seat of, a county with a population of 1.0 million or more in which all or part of a municipality with a population of 1.0 million or more is located and that is adjacent to a county with a population of 2.5 million or more, to the list of municipalities that are entitled to receive certain tax revenue derived from a hotel and convention center project and to pledge certain revenue for the payment of obligations related to the project.

Methodology

The bill's provisions would apply to the city of Allen.

Allen would be 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. Section 351.158, relating to Period of Entitlement, would entitle Allen to receive the revenue until the tenth anniversary of the date the qualified hotel to which the entitlement relates is open for initial occupancy.

Allen has no current plans for a qualified hotel 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 apply to the city of Allen.

Allen would be 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.

Source Agencies: 304 Comptroller of Public Accounts

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