

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 4, 2025

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2289 by Isaac (relating to the authority of certain municipalities to use certain tax revenue derived from a hotel and convention center project.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2289, Committee Report 1st House, Substituted: an impact of \$0 through the biennium ending August 31, 2027.

However, there would be a negative impact beginning in fiscal year 2029 and continuing for 10 years.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2026	\$0
2027	\$0
2028	\$0
2029	(\$906,000)
2030	(\$942,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1
2026	\$0
2027	\$0
2028	\$0
2029	(\$906,000)
2030	(\$942,000)

Fiscal Analysis

The bill would add a municipality though which the Comal River flows, 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.

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, 2025.

Methodology

The bill's provisions would affect the city of New Braunfels.

New Braunfels would be entitled to receive funds 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. New Braunfels would be entitled 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 New Braunfels has plans for a qualified hotel and the city could avail itself of the tax rebates under section 351.156 of the Tax Code should eligibility be acquired through this legislation. The estimate is based on a projected opening date of September 1, 2028, or state fiscal year 2029, 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

New Braunfels would be entitled to receive funds 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. New Braunfels would be entitled to receive the revenue until the tenth anniversary of the date the qualified hotel to which the entitlement relates is open for initial occupancy.

Source Agencies: 304 Comptroller of Public Accounts

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