

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION**

**April 13, 2025**

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

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB3196** by Lopez, Janie (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 HB3196, As Introduced: an impact of \$0 through the biennium ending August 31, 2027. However, there would be a negative impact of (\$1,136,000) in the biennium ending August 31, 2029. The impact would become negative in fiscal year 2028 and continue for 10 years.

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

<i>Fiscal Year</i>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2026	\$0
2027	\$0
2028	(\$557,000)
2029	(\$579,000)
2030	(\$602,000)

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

<i>Fiscal Year</i>	<b>Probable Revenue Gain/(Loss) from General Revenue Fund 1</b>
2026	\$0
2027	\$0
2028	(\$557,000)
2029	(\$579,000)
2030	(\$602,000)

**Fiscal Analysis**

The bill would add an eligible barrier island coastal municipality as defined by Chapter 351 of the Tax Code 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 affect the city of South Padre.

South Padre would be 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. South Padre 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 South Padre 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, 2027, or state fiscal year 2028, 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**

South Padre would be 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. South Padre 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