LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 11, 2025

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB3500** by Gerdes (Relating to the authority of certain municipalities to receive and pledge for the payment of obligations certain additional tax revenue derived from a hotel and convention center project.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would include Bastrop among cities eligible to receive funds described in Section 351.157 of the Tax Code. Section 351.157(d) 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. Bastrop 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 Bastrop has 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 the city has indicated that their qualified hotel will not be ready to open for initial occupancy until fiscal 2030 at the earliest. Because of Section 351.157(e), which states that a municipality must commence a qualified project before September 1, 2027, to receive revenue under Section 351.157(d), the city of Bastrop could not avail itself of the tax rebates under Section 351.157; therefore, this bill will have no fiscal impact to the state.

Local Government Impact

The bill's provisions would affect the City of Bastrop and are described above.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, KK, SD, BRI