

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: HB3715 by Guerra (Relating to the authority of certain municipalities to use certain tax revenue for hotel and convention center projects.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3715, As Introduced: an impact of \$0 through the biennium ending August 31, 2027. However, there would be a negative impact of (\$1,397,000) in the biennium ending August 31, 2029. The negative impact would begin in fiscal year 2028 and continue 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	(\$685,000)
2029	(\$712,000)
2030	(\$740,000)

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	(\$685,000)
2029	(\$712,000)
2030	(\$740,000)

Fiscal Analysis

This bill would add a municipality that is located in a county adjacent to the Texas-Mexico border if the county has a population of at least 500,000, the county does not have a city located within it that has a population of at least 500,000, and the municipality is the largest municipality in the county, 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 McAllen.

McAllen 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. McAllen 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 McAllen 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

McAllen 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. McAllen 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