

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: HB4098 by Harris Davila (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 HB4098, As Introduced: an impact of \$0 through the biennium ending August 31, 2027. However, there would be a negative impact of (\$3,136,000) 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>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2026	\$0
2027	\$0
2028	(\$1,229,000)
2029	(\$1,907,000)
2030	(\$1,983,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Revenue Gain/(Loss) from General Revenue Fund 1</i>
2026	\$0
2027	\$0
2028	(\$1,229,000)
2029	(\$1,907,000)
2030	(\$1,983,000)

Fiscal Analysis

The bill would add a municipality that is located in a county with a population of 600,000 or more that is adjacent to the county that contains the State Capitol and has a population of more than 16,000 but less than 27,000, 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 Taylor.

Taylor 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. Taylor would be 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. Taylor 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 Taylor has plans for a qualified hotel, but due to Section 351.157(e) of the Tax Code, which requires a municipality to commence a project before September 1, 2027, to receive additional entitlements from restaurants, bars, retail establishments, swimming pools and swimming facilities as provided under Section 351.157, the city could only 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 January 1, 2028, 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

Taylor 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. Taylor would be 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.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, KK, SD, BRI