

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 8, 2025

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB4659 by Garcia Hernandez, Cassandra (relating to the authority of certain municipalities to use certain tax revenue for hotel and convention center projects.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB4659, Committee Report 1st House, Substituted: an impact of \$0 through the biennium ending August 31, 2027.

However, there would be a negative impact of (\$2,392,000) 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	(\$1,121,000)
2029	(\$1,271,000)
2030	(\$1,322,000)

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	(\$1,121,000)
2029	(\$1,271,000)
2030	(\$1,322,000)

Fiscal Analysis

The bill would to add a municipality with a population of more than 16,000 but less than 18,000 that is located in a county with a population of 2.5 million or more and that is that is adjacent to a county with a population of more than 2.1 million, 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 town of Addison.

Addison 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. Addison 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 town of Addison has plans for a qualified hotel and 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 October 1, 2027, or 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

Addison 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.

Source Agencies: 304 Comptroller of Public Accounts

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