

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 78TH LEGISLATURE 2nd CALLED SESSION - 2003

August 18, 2003

TO: Honorable Norma Chavez, Chair, House Committee on Border and International Affairs

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB51 by Merritt (Relating to the creation, administration, powers, duties, operations, and financing of a border region high-speed rail authority for the Texas-Louisiana and the Texas-Mexico border regions; granting the power to issue bonds; imposing a tax; granting the power of eminent domain.), **As Introduced**

No significant fiscal implication to the State is anticipated until high-speed rail project construction is initiated. At that time fiscal implications would depend on the size and type of projects constructed.

The bill would amend the Transportation Code to allow the Texas Transportation Commission (TTC) to authorize the creation of a high-speed rail authority in each border region for the purposes of financing, acquiring property for, constructing, maintaining, and operating a high-speed rail system in each border region. The bill would establish the authorities, powers, duties, requirements, restrictions, and governing body for a high-speed authority. The bill would define "High-speed rail" as rail technology that permits the operation of rolling stock between scheduled stops at speeds greater than 70 miles per hour.

The bill would exempt the property, material purchases, revenues, and income of an authority and the interest on a bond or note issued by an authority from all taxes imposed by this state or a political subdivision of this state. The bill would impose a sales and use tax on items sold on authority property; abolish all other local sales and use taxes imposed on the authority; and require the Comptroller to administer, collect, and enforce a tax imposed. The bill would also establish notification requirements and the criteria for determining effective dates for tax changes required by the bill.

For the purposes of this fiscal note, it is assumed that the Texas-Louisiana border region consists of 18 counties including Bowie, Camp, Cass, Delta, Franklin, Gregg, Harrison, Hopkins, Lamar, Marion, Morris, Panola, Red River, Rusk, Smith, Titus, Upshur, and Wood. It is also assumed that the Texas-Mexico border region consists of 43 counties including Atascosa, Bandera, Bexar, Brewster, Brooks, Cameron, Crockett, Culberson, Dimmit, Duval, Edwards, El Paso, Frio, Hidalgo, Hudspeth, Jeff Davis, Jim Hogg, Jim Wells, Kenedy, Kerr, Kimble, Kinney, Kleberg, La Salle, Live Oak, Maverick, McMullen, Medina, Nueces, Pecos, Presidio, Real, Reeves, San Patricio, Starr, Sutton, Terrell, Uvalde, Val Verde, Webb, Willacy, Zapata, and Zavala.

Based on the analysis of the Department of Transportation, the Bond Review Board, and the Comptroller of Public Accounts, it is assumed that duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources. Although the Comptroller of Public Accounts has determined that fiscal implications cannot be determined until the high-speed rail authorities are established and the property of the authorities is identified, it is assumed that revenue losses and costs to the state for the creation, administration, operation, and financing of high-speed rail would depend on the size and type of projects constructed.

The bill would take effect December 1, 2003.

Local Government Impact

The fiscal impact to units of local government would vary depending on the size of the local body and the services that would be provided under the provisions of the bill. It is assumed that costs to local governmental entities for participating in the creation, administration, operation, and financing of high-speed rail systems in this state would depend on the size and type of the projects that are constructed. The bill would also grant the authority the ability to establish fees, maintain rates, obtain grants, and issue bonds at a level to pay all expenses necessary for operations, maintenance, and repayment of any bond debt.

Source Agencies: 352 Bond Review Board, 601 Department of Transportation, 304 Comptroller of Public Accounts

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