

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

March 20, 2003

TO: Honorable Harvey Hilderbran, Chair, House Committee on State Cultural and Recreational Resources

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB1770 by Keel (Relating to the creation and taxes of a library district.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend the Local Government Code as it pertains to the creation and taxes of a library district in a municipality that does not have a municipal public library accredited for membership in the state library system. An election to adopt or increase the local sales and use tax for a library district would be treated also as an election to reduce the tax rate of an industrial development district if, after the date of the first filing of a petition with the county commissioners court to create a library district, any part of the proposed library district were to be within the boundaries of an industrial development 4B corporation and if the combined tax rate resulting from the election were to exceed 2 percent in any location within the proposed district. The tax rate of the industrial development 4B corporation would be reduced proportionately to the rate for the library district so that the combined rate would not exceed 2 percent.

The bill would take effect immediately if it receives a two-thirds vote in each house; otherwise, it would take effect September 1, 2003 and apply to a petition that is filed before, on, or after that date. The petition filed with the county commissioners court would remain valid for subsequent filings until the second anniversary of the date on which the petition was first filed.

The Comptroller of Public Accounts estimates incurring administrative costs of \$135,110 in fiscal year 2004 and of \$1,100 per year for the next four fiscal years thereafter, to notify taxpayers of the change and to print the sales tax forms. The agency also estimates a technology impact of \$460 in fiscal years 2004 through 2008 for telephone calls.

Because the bill would shift the taxes between local taxing units, there would be no significant fiscal impact on the combined local tax revenue. The 4B development district could lose a portion of its tax revenue as an individual taxing unit.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller Of Public Accounts

LBB Staff: JK, CL, JB, DLBa