

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**April 1, 2003**

**TO:** Honorable Jim Keffer, Chair, House Committee on Economic Development

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: HB2499** by Rodriguez (Relating to the use of tax proceeds by certain economic development corporations.), **As Introduced**

<b>No fiscal implication to the State is anticipated.</b>
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**Local Government Impact**

The bill would require industrial development corporations (corporation) to retain and spend 10 percent of their fiscal year revenue for projects or activities related to small businesses. In those instances when a corporation's annual financial obligations and administrative costs exceed 90 percent of its annual revenue, the provisions of the bill could reduce the corporation's ability to meet bond obligations, issue future bonds, or provide current services. In other instances, the provisions would redirect revenue used for other economic development purposes to small business development.

The Comptroller surveyed The Grand Prairie Sports Facility Development Corporation to illustrate the potential impact on corporations. The voters for the City of Grand Prairie approved the use of revenue for development of a racetrack. Revenue is being used to pay off the bonds associated with its construction and the debt will not be paid off for several more years. The provisions of the bill would require the Grand Prairie Sports Facility Development Corporation to utilize 10 percent of their annual funds for purposes that have not been approved by the voters. As a result, the provisions of the bill could jeopardize the corporation's ability to meet its bond obligations. In addition, the corporation would incur increased costs for the administration of a small business development program, since one does not currently exist.

**Source Agencies:** 304 Comptroller of Public Accounts, 480 Texas Department of Economic Development

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