

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

March 26, 2003

TO: Honorable Frank Madla, Chair, Senate Committee on Intergovernmental Relations

FROM: John Keel, Director, Legislative Budget Board

IN RE: SB868 by Lindsay (Relating to the purpose, powers and duties of Harris County Improvement District No. 1.), **Committee Report 1st House, Substituted**

No fiscal implication to the State is anticipated.

The bill would set forth the Legislature's findings that Harris County Improvement District No. 1 (district) has inadequate public transportation, streets, and parking that cause severe congestion, impairing the use of the area as one of the state's primary economic and business centers. The bill would amend Chapter 1026, Acts of the 70th Legislature, Regular Session, 1987, to allow the district to provide the area with a public transit system and parking facilities.

Owners of real property in the district would have to petition the district before the district could acquire a mass transit improvement or facility. Any parking facilities the district provides would be leased to or operated by a private entity or an entity other than the district. The district's public parking facilities and any lease to a private entity would be exempt from ad valorem taxes and state and local sale and use taxes.

The bill would allow the district to use any of its resources to pay the cost of a public transit system or parking facilities. The district would be authorized to adopt rules, set and charge fees, and issue bonds or notes to operate and fund the public transit system or parking facilities.

If the district pays or finances a public transit system or parking facilities with resources other than assessments, no petition from property owners or public hearings would be necessary. It would still be required, however, to receive a petition before it could construct transit improvements.

The bill would authorize the district to make contracts, leases and agreements, and to accept grants and loans from the United States of America, the state, municipalities, other political subdivisions and private persons or entities to carry out the provisions of the bill.

If a district were to acquire property for a parking facility that would be leased to or operated by a private entity and would result in the real property being removed from the taxing unit's tax rolls of real property otherwise subject to ad valorem taxation, the district would be required to pay the taxing unit annually an amount equal to what the tax would have been the previous year. Value of improvements constructed on the property would not be included in the taxable value.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2003.

Current law provides that the district can undertake improvement projects for off-street parking facilities, mass transit, and people-mover systems.

Local Government Impact

There would be no significant fiscal impact on Harris County Improvement District No. 1 because the district would be allowed to recoup its expenses through any of its resources.

There would be no significant fiscal impact on the City of Houston or Harris County because the district would pay those entities an amount equal to tax revenue that might otherwise be lost by the city or the county as a result of the district's acquisitions.

Source Agencies: 304 Comptroller of Public Accounts

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