

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

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**May 13, 2005**

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

**FROM:** John S. O'Brien, Deputy Director, Legislative Budget Board

**IN RE: HB167** by Smith, Wayne (Relating to the creation and authority of municipal development districts.), **Committee Report 2nd House, Substituted**

<b>No fiscal implication to the State is anticipated.</b>
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The bill would authorize that all or part of a municipality's boundaries, all or part of the municipality's boundaries and all or part of its extraterritorial jurisdiction (ETJ) boundaries, or all or part of just the ETJ boundaries could be included in the boundaries for a municipal development district. The bill would also authorize the creation of a district in any municipality. In addition, the proposed statute would establish economic development as the constitutional purpose of programs created under Chapter 377 of the Local Government Code. Under current statute, only a municipality that is located in more than one county is authorized to create a municipal development district, and the ETJ is not included in the boundaries of the district.

The bill would authorize a municipal development district in a county with a population of 3.3 million or more to pay the costs of planning, acquiring, establishing, developing, constructing, or renovating one or more development projects beneficial to the district if the projects are in the district boundaries or the extraterritorial jurisdiction of the municipality where the district is located. According to the 2000 federal census, Harris County is the only county that meets the population stipulation; therefore, only a district located in Harris County would be affected by that portion of the bill.

The bill would take effect September 1, 2005.

**Local Government Impact**

Authorizing a municipality in any county, regardless of the number of counties in which the municipality may exist, to create an economic development district is anticipated to have a positive fiscal impact on each municipality that chooses to establish a district. The impact would vary and would depend on the development projects implemented by a district. It is also assumed that the portion of the bill that would affect only Harris County would not have a significant fiscal impact.

**Source Agencies:**

**LBB Staff:** JOB, WP, SD, DLBa