

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

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

**April 11, 2005**

**TO:** Honorable Allan Ritter, Chair, House Committee on Economic Development

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

**IN RE: HB234** by Martinez (Relating to the authority of certain development corporations to undertake projects for airport facilities or retail businesses or facilities.), **As Introduced**

**No significant fiscal implication to the State is anticipated.**

This bill would amend the Development Corporation Act of 1979 (the Act) to allow industrial development corporations (corporation) created under the Act to undertake projects designed to develop, retain or expand airport facilities or retail businesses or facilities. This provision would be limited to corporations created by cities with a population less than 50,000 and an average rate of unemployment that is greater than the state average. Under current law, an industrial development corporation can lease authorized projects to a nonexempt entity and that project is exempt from ad valorem, sales and use taxes or any other taxes levied or imposed by this state or any political subdivision of the state. Since the bill would expand the types of authorized projects, it could impact the amount of taxable property values and the related ad valorem taxes as well as other taxes.

Section 403.302 of the Government Code requires the Comptroller to conduct a property value study to determine the total taxable value for each school district. Total taxable value is an element in the state's school funding formula. Passage of this bill could cause a change in the school district taxable values reported to the Commissioner of Education by the Comptroller and a change in state costs to the Foundation School Fund.

**Local Government Impact**

Since the bill would expand the types of authorized projects to include projects designed to develop, retain or expand airport facilities or retail businesses or facilities, it could impact the amount of taxable property values and the related ad valorem taxes as well as other taxes collected by units of local government.

Though this bill would apply to all cities under 50,000 with an unemployment rate in excess of the state average, revised unemployment rates will be available only for cities with 25,000 or more in population. Therefore, the unemployment rate for cities with a population of less than 25,000 will be unidentifiable. The following cities, though representing only those with populations between 25,000 and 50,000, would currently meet the unemployment criteria using the pre-March 2005 methodology for determining unemployment rates. They are listed in order of highest to lowest unemployment rates: Eagle Pass, Weslaco, Socorro, San Juan, Texas City, Cleburne, Del Rio, Paris, San Marcos, Sherman, Lufkin, Rosenberg, Corsicana and Texarkana.

**Source Agencies:** 301 Office of the Governor, 304 Comptroller of Public Accounts

**LBB Staff:** JOB, JRO, KJG, WP, DLBe