

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: HB1894 by Eiland (Relating to the definition of a primary job with respect to a project that may be undertaken by a development corporation.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend the Development Corporation Act of 1979, Article 5190.6, Vernon's Texas Civil Statutes by adding accommodation and food service, which would include drinking places, to the definition of "primary job" . The change would allow development corporations to offer a wider range of incentives when undertaking projects designed to attract and retain businesses that provide accommodations and food service. The bill would allow development corporations to provide land, buildings, equipment, facilities, expenditures, targeted infrastructure, and improvements designed to create or retain those type jobs.

While the number of development corporations created by counties and cities statewide is unknown, city corporations created under Sections 4A and 4B of the Act are required to file an annual report with the Comptroller. For fiscal 2004, there were 517 cities with a 4A and/or 4B development corporation(s). It is unknown, however, how many development corporations would elect to undertake projects for the benefit of accommodation, or food service and drinking places.

It is unknown how many development corporations may choose to undertake accommodation and food service projects, and offer incentives above infrastructure and job training that is currently allowable.

The bill would take immediate effect if it receives the requisite two-thirds majority votes in both houses of the Legislature, as provided by Section 39, Article III, Texas Constitution. If it does not receive the vote necessary for immediate effect, this bill would take effect September 1, 2005.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, JRO, WP, EB