

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

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

**April 8, 2005**

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

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

**IN RE: HB2755** by McReynolds ( relating to the authority of certain development corporations to undertake projects for the development, retention, or expansion of business enterprises.),  
**Committee Report 1st House, Substituted**

<p><b>No significant fiscal implication to the State is anticipated.</b></p>
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The bill would amend Section 4B (a) (2), Development Corporation Act of 1979 (Article 5190.6, Vernon's Texas Civil Statutes) relating to the projects that may be undertaken by or supported by the tax proceeds of certain development corporations. The bill would allow 4B economic development corporations that have not received more than \$50,000 in revenue from sales and use taxes in either of the preceding two fiscal years to apply tax proceeds to projects relating to the development, retention or expansion of business enterprises.

The bill would take effect immediately if it receives a vote of two-thirds of all the members elected to each house, 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**

The fiscal impact on local governments cannot be estimated because it is unknown as to how many development corporations would elect to undertake retail projects.

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 of Public Accounts. There were 98 4B development corporations that received less than \$50,000 in sales tax revenues for either of the two previous fiscal years. It is unknown, however, how many development corporations would elect to undertake projects for the development, retention, or expansion of business enterprises.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JOB, JRO, WP, EB