

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 21, 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.), **As Introduced**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would amend Section 4B, Development Corporation Act of 1979 (Article 5190.6, Vernon's Texas Civil Statutes), by adding Subsection (g-1), which 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 for 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