

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

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

**May 28, 2005**

**TO:** Honorable David Dewhurst , Lieutenant Governor, Senate  
Honorable Tom Craddick, Speaker of the House, House of Representatives

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

**IN RE: HB2928** by Kolkhorst (Relating to projects that may be undertaken by certain development corporations with respect to business enterprises or business development. ), **Conference Committee Report**

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

The bill would amend the Development Corporation Act of 1979 (the Act) to allow industrial development corporations created under this act to undertake projects for sewer utilities or site improvements and beach remediation along the Gulf of Mexico. The bill would allow eligible corporations near an international border to undertake projects for airport facilities. The bill would allow eligible corporations located in a county bordered by the Rio Grande to undertake additional projects to promote new or expanded business enterprises. The bill would also allow industrial development corporations created under the Act by cities with a population of less than 20,000 or by an eligible city that is a certain land-locked community in a county of 2 million or more population to undertake a wider range of projects related to business development. Under current law, an industrial development corporation (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, 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.

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

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