

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 24, 2005

TO: Honorable Frank Corte, Jr., Chair, House Committee on Defense Affairs & State-Federal Relations

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

IN RE: SB252 by Estes (Relating to a project of a development corporation in connection with a military base or facility.), **As Engrossed**

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 created under the Act to undertake projects for the benefit of certain military facilities including closed or realigned military bases. 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 to include projects benefiting military and Coast Guard facilities, 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 benefiting certain military and Coast Guard 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.

According to the Texas Military Preparedness Commission (TMPC), there are 18 active military installations in Texas. At the present time, it is unknown how many of these installations may fall on the Base Realignment and Closure (BRAC) list set to be released in May 2005.

The development corporations for both Wichita Falls and Abilene indicated that this bill would allow them more flexibility to undertake planned and future projects for the benefit of the installations located in their cities. Both corporations cited several possible types of projects that would support their bases including infrastructure upgrades, aiding in the privatization of base entities, job training and improvements that might attract a new military mission to the base.

Bases previously closed or realigned by the BRAC rounds of the 1990s have their own statutory authority for redevelopment.

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

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