

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 11, 2005

TO: Honorable John Carona, Chair, Senate Committee on S/C on Emerging Technologies & Economic Dev.

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

IN RE: SB937 by West, Royce (Relating to projects that may be undertaken by certain development corporations in connection with business development or activity.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend the Development Corporation Act of 1979 (the Act) found in Article 5190.6, Vernon's Texas Civil Statutes to allow city development corporations that are located in a county with a population of less than 25,000 to undertake a wider range of projects related to business development. The bill would amend the definition of "project" for these development corporations to include the land, buildings, equipment, facilities, expenditures, infrastructure or improvements for the promotion of new or expanded business development.

The bill would also amend the Act to add a similar provision for land-locked communities. The bill would define a "land-locked community" to be a city that has, within its city limits and extraterritorial jurisdiction, less than 500 acres of land that can be used for development of manufacturing or industrial facilities. The bill would allow development corporations created under Section 4B of the Act and located in a land-locked community, to make expenditures on projects that promote new or expand business enterprises and commercial activity within the land-locked community.

The changes proposed by the bill would apply only to a project that is undertaken or approved, by an election or otherwise, on or after the effective date of this Act. A project that is undertaken or approved before the effective date of this Act is governed by the law in effect on the date the project is undertaken or approved, and the former law is continued in effect for that purpose.

The Comptroller of Public Accounts reported that there are 158 counties with a population of less than 25,000 according to the most recent federal decennial census. While the number of development corporations created by cities statewide is unknown, 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. Of these, 184 were located in a county with a population of less than 25,000. The Comptroller also reported that no information is available regarding the number of land-locked communities in the state. It is unknown, however, how many development corporations would elect to undertake a wider range of business development projects.

The bill would take effect immediately 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