

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 4, 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: SB1318 by Staples (Relating to projects that may be undertaken by or supported by the tax proceeds of certain development corporations.), **As Introduced**

No 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 and county development corporations to undertake a wider range of projects related to the providing of infrastructure for business development. The definition of infrastructure would be amended to add sewer utilities, elevation, sidewalks and building facades.

The bill would also amend the definition of project for Section 4B development corporations that are either located in a city with a population of less than 50,000, or received less than \$500,000 in sales tax revenues in the previous three years, allowing them to undertake a wider range of projects that fit within certain North American Industry Classification System (NAICS) sectors including, Retail Trade, Convention and Visitors Bureaus, and Health and Social Assistance. The development corporations would be limited to spending not more than 50 percent of their sales tax revenues on projects that are not included in Section 2(11) of the Act.

The Comptroller of Public Accounts reported that 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. For fiscal 2004, there were 517 cities with a 4A and/or 4B development corporation(s). It is unknown, however, how many development corporations would elect to undertake business development infrastructure projects. It is also unknown how many development corporations would elect to undertake projects for the benefit of convention and visitors bureaus, retail businesses and health care and social assistance.

This bill would take effect September 1, 2005.

Local Government Impact

The impact to local governments would depend on how many development corporations would elect to undertake business development infrastructure projects.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, JRO, WP, EB