

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

Revision 1

May 18, 2007

TO: Honorable Troy Fraser, Chair, Senate Committee on Business & Commerce

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

IN RE: HB2308 by Rose (Relating to the requirement that certain economic development corporations hold a hearing before spending funds to undertake a project and to the authority of those economic development corporations to allow voters to elect to limit the period during which or the projects for which the tax is imposed.), **Committee Report 2nd House, Substituted**

According to the Comptroller of Public Accounts, it is unknown which cities, if any, would impose a change in the sales and use tax; therefore, the fiscal impact to the state cannot be determined.

The bill would amend the Development Corporation Act of 1979 (Article 5190.6, Vernon's Texas Civil Statutes) relating to the requirement that certain economic development corporations hold a hearing before spending funds to undertake a project and to the authority of those economic development corporations to allow voters to elect to limit the period during which or the projects for which the tax is imposed.

The bill would amend Section 4B of the Development Corporation Act of 1979 to allow voters of a city that has imposed a sales and use tax for an economic development corporation to vote on a ballot proposition that would limit the length of time the sales tax could be imposed, that would reimpose or extend the period of the sales tax's imposition, or that would limit the use of sales tax revenue to a specific project.

Currently under the Act, a Section 4B corporation is required to hold at least one public hearing on a proposed project before expending funds to undertake the project; however, under the provisions of the bill only certain projects undertaken by certain corporations would require the public hearing.

The bill would take effect immediately upon enactment if it receives two-thirds vote in each house; otherwise, it would take effect September 1, 2007.

Local Government Impact

The fiscal impact would vary depending on whether a city holds an election and the outcome of the election. At a minimum, a city could incur election costs. The impact on sales and use taxes would depend on the decision of the voters.

Source Agencies: 304 Comptroller of Public Accounts

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