

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 9, 2007

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

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

IN RE: SB1270 by West, Royce (Relating to county development districts.), **As Introduced**

<p>The fiscal impact to the state would depend on how many counties would choose to create a county development district and what sales and use tax rate may be adopted by each.</p>

The bill would amend Chapter 383 of the Local Government Code to remove the population brackets so that all 254 counties would be eligible to create a county development district. Under current law, only those counties with a population of 400,000 or less are eligible to create county development districts. An election would be required for approval to create a district.

The bill would allow districts to enter into interlocal agreements with counties and spend sales and use tax revenue on government infrastructure and services in the district. Currently, districts are authorized to spend funds on infrastructure, but not services. In addition, the bill would increase the permissible sales and use tax rate, effectively doubling the current maximum permissible rate.

The bill adds language that would allow a municipality to remove territory from the district via annexation, and provides a formula for compensation to the district. The formula for compensation from the municipality to the district would be based upon assessed value of the property to be annexed.

The bill would take effect September 1, 2007.

Local Government Impact

The fiscal impact would vary by county depending on whether the county were to create a district, whether an election for creating a district would be held on a uniform election date or a special election, the terms of any interlocal agreements, and the tax rate set by the district. In addition, the fiscal impact regarding removal of territory from a district and compensation would also vary depending on how much territory would be removed and the assessed value of that property.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, JRO, SD, DB