

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**April 19, 2009**

**TO:** Honorable Joseph Pickett, Chair, House Committee on Transportation

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

**IN RE: HB3341** by Miklos (Relating to the creation of a transportation development corporation in certain municipalities; authorizing local option elections for funding mass transit projects.),  
**As Introduced**

**No fiscal implication to the State is anticipated.**

Subtitle C1, Title 12, Local Government Code, formerly known as the Development Corporation Act of 1979 as effective April 1, 2009, would be amended by adding Chapter 508, authorizing the creation of a transportation development corporation in certain municipalities, and authorizing a local option election for funding mass transit projects. Chapter 508 would only apply to municipalities located in a county with a population between 1.4 million and 3.4 million or in a county adjacent to a county with a population between 1.4 million and 3.4 million.

A transportation development corporation under Chapter 508 would have the same authority as a municipality to operate a public transportation system, and the powers provided to a regional transportation authority under Chapter 452, Transportation Code. A sales and use tax may be adopted for the benefit of a transportation development corporation if the tax is approved by a majority of the voters of the municipality.

The voters could vote on a ballot proposition limiting the period of tax collection as well as limiting the use of the tax to a specific project. The rate of a sales and use tax imposed by a municipality or merged corporation could not be considered in determining the combined or overlapping rate of sales and use taxes imposed in the municipality or corporation for any purpose other than as provided by Section 328.004, Tax Code. This section would limit the combined rate of all transit sales and use taxes imposed under the bill to a maximum of one percent at any location in the district. Also, the tax imposed may not be collected after the last day of the first calendar quarter that occurs after the transportation development corporation notifies the comptroller that sufficient revenue has been collected to pay its bonds or other obligations in full.

The proceeds of the sales and use tax may be used to pay the costs of projects authorized by Section 508.151, or pay the principal of, interest on, and other costs relating to bonds or other obligations issued by the transportation development corporation.

The bill would also add Chapter 328 to Subtitle C, Title 3, Tax Code, authorizing a sales and use tax for transportation in municipalities defined in Chapter 508, Local Government Code. Chapter 328 would authorize the rate of a transit sales and use tax imposed to not be considered in determining the combined or overlapping rate of local sales and use taxes in the district for any purpose other than as provided in Section 328.004.

The bill would take effect October 1, 2009.

According to the Comptroller of Public Accounts, there would be no fiscal impact to the state.

## **Local Government Impact**

Based on applicability criteria, the bill would apply to a municipality located in Tarrant, Dallas, Collin, Denton, Ellis, Johnson, Kaufman, Parker, Rockwall, and Wise counties.

For purposes of this analysis, the Comptroller of Public Accounts contacted three applicable municipalities. Because projections would depend upon the actual rate of sales and use tax adopted by the voters as well as upon determination/designation of specific projects, no estimate of fiscal impact to units of local government can be determined.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JOB, KJG, SD, DB