

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

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

**May 20, 2009**

**TO:** Honorable John Carona, Chair, Senate Committee on Transportation & Homeland Security

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

**IN RE: HB3650** by Merritt (Relating to the creation, administration, powers, duties, operations, and financing of a border region higher-speed rail authority for the Texas-Louisiana and the Texas-Mexico border regions; granting the power to issue bonds; imposing a tax; granting the power of eminent domain.), **Committee Report 2nd House, As Amended**

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

The bill would authorize the Texas Transportation Commission (TTC) to authorize the creation of a higher-speed rail authority in each border region for the purposes of financing, acquiring property for, constructing, maintaining, operating, and improving a higher-speed rail system in each border region. The bill would establish the authorities, powers, duties, requirements, restrictions, and governing body for a higher-speed authority.

The bill would exempt the property, material purchases, revenues, and income of an authority and the interest on a bond or note issued by an authority from all taxes imposed by this state or a political subdivision of this state. The bill would impose a sales and use tax on items sold on authority property and would abolish all other local sales and use taxes that would otherwise be imposed on authority property. The bill would require the Comptroller to administer, collect, and enforce a tax imposed by the bill and to remit to the authority the local sales and use tax collected on the authority 's property.

Based on the analysis of the Department of Transportation, the Office of the Attorney General, and the Comptroller of Public Accounts, it is assumed that duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

**Local Government Impact**

The fiscal impact to units of local government would vary depending on the size of the local body and the services that would be provided under the provisions of the bill. It is assumed that costs to local governmental entities for participating in the creation, administration, operation, and financing of higher-speed rail systems in this state would depend on the size and type of the projects that are constructed. The bill would also grant the authority the ability to establish fees, maintain rates, obtain grants, and issue bonds at a level to pay all expenses necessary for operations, maintenance, and repayment of any bond debt.

**Source Agencies:** 116 Sunset Advisory Commission, 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 601 Department of Transportation

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