

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 15, 2011

TO: Honorable John Davis, Chair, House Committee on Economic & Small Business Development

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

IN RE: HB3140 by Paxton (Relating to the authority of certain municipalities to create economic development programs and provide loans or grants for those programs; providing authority to issue bonds.), **Committee Report 1st House, Substituted**

No fiscal implication to the State is anticipated.

The bill would amend Chapter 1509 of the Government Code, regarding public securities and obligations for municipal purposes, to add new Subchapter F for revenue bonds for economic development programs.

The bill's provisions would apply to a municipality located in a county with a population of at least 750,000 and that is adjacent to a county that borders the state of Oklahoma. An eligible municipality could create one or more programs to develop and diversify the economy, to eliminate unemployment or underemployment, and develop or expand commerce in this state. The bill would allow a municipality to provide loans and grants of money, including the proceeds from revenue bonds to a private entity for the allowable uses provided in the bill.

The bill would amend Chapters 321 and 351 of the Tax Code to allow a municipality to use the revenue from its local sales and use tax and local hotel tax to make payments on the principal and interest on the revenue bonds issued under this bill's provisions.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2011.

Local Government Impact

Municipalities in Collin County would be eligible for the bill's provisions. There would be no fiscal impact on the municipalities in Collin County, but a change in allowable uses of revenue.

Source Agencies: 304 Comptroller of Public Accounts

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