

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 2, 2013

TO: Honorable Dennis Bonnen, Chair, House Committee on Special Purpose Districts

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2523 by Nevárez (Relating to the validation of the dissolution of the Development Corporation of Presidio and creation of the Presidio Municipal Development District.), **As Introduced**

<p>No fiscal implication to the State is anticipated.</p>
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This bill provides that the Legislature validates and confirms the dissolution of the Development Corporation of Presidio and the creation of the Presidio Municipal Development District, pursuant to an election held on November 6, 2012 at which the voters of the City of Presidio and its extraterritorial jurisdiction approved of the dissolution of the former and creation of the latter and the replacement of a dedicated sales and use tax for the benefit of the former with a dedicated sales and use tax for the benefit of the latter. The levy of the sales and use tax for the benefit of the Presidio Municipal Development District that occurred before the effective date of the bill is also validated and confirmed.

According to the analysis by the Comptroller of Public Accounts (CPA), the election to dissolve the Development Corporation of Presidio and abolish its tax was deemed invalid by the Comptroller because voters outside the City of Presidio were allowed to vote on a city tax. Currently, the sales and use tax for the development corporation continues to be collected within the boundaries of the city. Should this bill be enacted, that election will be validated and beginning with the first calendar quarter after the effective date of the bill the city's one-half percent sales and use tax currently imposed on behalf of the development corporation will be replaced with a one-half percent sales and use tax imposed on behalf of the new municipal development district, which includes extraterritorial jurisdiction within its boundaries.

The total local sales and use tax rate imposed within the City of Presidio will remain unchanged, while the local sales and use tax rate imposed in the extraterritorial jurisdiction that is within the boundaries of the new municipal development district will increase by one-half of one percent. The increase in the tax revenue collected on behalf of the new district relative to the tax currently collected on behalf of the development corporation would be expected to be less than \$100,000 annually.

CPA reported there would be no fiscal impact to the state or on the state's cash flow.

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, 2013.

Local Government Impact

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KKR, SD, TP