

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 16, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3860 by Dutton (Relating to the creation of the Generation Park Management District; providing authority to issue bonds; providing authority to impose assessments, fees, or taxes.), **As Introduced**

<p>No fiscal implication to the State is anticipated.</p>

This bill would amend Subtitle C, Title 4, of the Special District Local Laws Code by adding Chapter 3916, creating the Generation Park Management District.

The bill would create the Generation Park District, the location of which is defined in the bill, under the revisions of Section 59, Article XVI, of the Texas Constitution. The bill would provide for the creation of a board of directors to govern the district and set the duties and powers of the board.

The bill would allow the district to develop recreational facilities and to design, acquire, construct, finance, issue bonds, notes, or other obligations for road projects and convey the road project to a municipality, county, or the state as provided by the bill. The bill also would allow the district to construct, acquire, improve, maintain, finance, and operate rail facilities.

The bill would allow the district to authorize the creation of a nonprofit corporation to assist and act for the district in implementing a project or providing a service authorized by this chapter; authorize the district to accept a grant, gift, or loan from any person; and allow the district to join and pay dues to certain charitable or nonprofit organizations. The district would be allowed enter into a written strategic partnership agreement with the City of Houston. The district would be allowed to annex or exclude land as provided by Subchapter J, Chapter 49, of the Water Code. The district would not be allowed to exercise eminent domain power.

The bill would allow the district to acquire, lease as a lessor or lessee, construct, develop, own, operate, and maintain a public transit system and parking facilities to serve the area in the district. The district would be allowed to impose a fee for the use of the district's public transit system and parking facilities.

The bill would allow the board to impose and collect an assessment for any purpose authorized by this chapter in all or any part of the district without regard to whether that area is already subject to or overlaps with an area of the district that is subject to a prior assessment imposed by the board. The district would be allowed to designate reinvestment zones and would be allowed to grant abatements of a tax or assessment on the property in the zones.

The bill would allow a district to acquire, construct, improve, operate, maintain, or charge a fee for

the use of conduits for certain purposes within the district. The district would be allowed to impose an annual operation and maintenance tax on taxable property in the district if authorized at an election held in accordance with this chapter. The district would also be allowed to impose a tax other than an operation and maintenance tax and use the revenue to make payments under a contract provided the provisions of the contract have been approved by a majority of the district voters at an election held for that purpose.

The bill would allow the district to borrow money and issue bonds on terms determined by the board. The board would be allowed to provide for the annual imposition of a continuing direct ad valorem tax, without limit as to rate or amount, while all or part of the bonds issued are outstanding to service the bonds. The district would be required to hold an election to obtain voter approval before the district would be allowed to impose an ad valorem tax or sales and use tax or issue bonds payable from ad valorem taxes. The bill would set the procedures for such elections.

The district would be allowed to impose a sales and use tax authorized under Chapter 321 of the Tax Code, relating to local sales and use taxes, provided the district obtained voter approval for the imposition of the sales and use tax at an election held for that purpose. The rate of the sales and use tax imposed would be set by the board and would be in increments of one-eighth of one percent. The initial rate of the sales and use tax would be the lesser of (1) the maximum rate authorized by the district voters held at the election regarding the imposition of the tax or (2) the rate that, when added to the rates of all sales and use taxes imposed by other political subdivisions with territory in the district would result in the maximum combined rate prescribed by Section 321.101(f) of the Tax Code at any location in the district.

The bill would allow the district to impose a hotel occupancy tax authorized under Chapter 352 of the tax code, relating to county hotel occupancy taxes. The district would be directed to set the rate of the hotel occupancy tax at the lesser of (1) the maximum rate prescribed by Section 352.003(a) of the Tax Code or (2) the rate that, when added to the rates of hotel occupancy taxes imposed by other political subdivisions with territory in the district and by the state, does not exceed the sum of the rate prescribed by Section 351.0025(b) of the Tax Code, and two percent.

This 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

The tax rates that would be set by the district regarding ad valorem, sales and use, and hotel occupancy taxes are unknown and their imposition would be dependent on voter approval in the district. There could be an indeterminate revenue gain to newly created Special Districts that choose to impose an ad valorem, sales and use, or hotel occupancy tax in accordance with provisions in the bill.

Source Agencies: 304 Comptroller of Public Accounts, 582 Commission on Environmental Quality, 601 Department of Transportation

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