

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

Revision 1

April 25, 2005

TO: Honorable Todd Staples, Chair, Senate Committee on Transportation & Homeland Security

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

IN RE: SB433 by Wentworth (Relating to the authorization of airport districts and the issuance of bonds and exercise of eminent domain by the districts.), **Committee Report 1st House, Substituted**

Because the bill would grant airport districts an exemption from all taxes and limited powers of eminent domain, cities, counties, and school districts could see some erosion in their property tax base as a consequence of land or property removed from tax rolls. Passage of this bill could cause a change in school district taxable values reported to the Commissioner of Education by the Comptroller.

The bill would amend Title 3 of the Transportation Code to authorize the creation of airport districts by the state, counties, and municipalities, either through independent or joint action. The bill would allow local governments and the state to donate, sell, or lease property and facilities to an airport district, as well as take other actions that would be necessary or convenient to aid and cooperate with an airport district in planning or operating an airport.

Airport districts could issue revenue bonds to fund projects, to construct new airport facilities, and to provide a coordinated effort to meet a region's air travel needs. Airport districts would have limited rights of eminent domain.

The bill would provide airport districts with three funding mechanisms. First, direct revenue would come from services provided to airline companies, private plane owners, and passengers for goods and services like fuel, storage, and maintenance work. Additional revenue could come from rent charged to private vendors who offered these goods and services on the district's property. Second, an airport district could issue revenue bonds. Any bonds issued would not create debt of the state, a county, or a municipality and would not create a charge against the credit or taxing powers of the state, a county, or a municipality. Third, an airport district could accept donations of land, facilities, and funds from private and public groups interested in the well-being of the authority. An airport district's property and income would be exempt from all state, county, municipal, and other local taxation.

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, 2005.

Local Government Impact

Because the bill would grant airport districts an exemption from all taxes and limited powers of eminent domain, cities, counties, and school districts could see some erosion in their property tax base as a consequence of land or property removed from tax rolls.

Source Agencies: 304 Comptroller of Public Accounts, 601 Department of Transportation

LBB Staff: JOB, DLBe, SR, MW, RB, KJG