F I S C A L I M P A C T R E P O R T

SPONSOR Foley **DATE TYPED** 02/16/05 **HB** 647

SHORT TITLE Uses For Funds From Certain 2003 Bond Sales **SB**

ANALYST Padilla-Jackson

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
NFI	NFI			

(Parenthesis ( ) Indicate Revenue Decreases)

SOURCES OF INFORMATION
LFC Files

Responses Received From
Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

House Bill 647 requires certain municipalities to spend distributions from increased gross receipt tax revenues attributable to goods and services sold for reconstruction or improvement projects on road projects and road equipment, for which the sale of state transportation bonds is authorized. If the municipality has a population of 1,500 or more, then it must spend the entire distribution on road projects and road equipment. If the municipality has a population of less than 1,500, then it may spend the distribution for any lawful purpose. The bill's reference to the increased gross receipts tax revenues is defined to be the sum of all the distributions made to a municipality in a fiscal year that exceed the base amount. The base amount is the amount distributed adjusted for inflation and population growth factors.

The municipal road project is defined in the bill to mean construction, renovation, improvement or repair of a highway, street or road within a municipality.

No effective date is provided.

FISCAL IMPLICATIONS

There is no significant fiscal impact to state or local revenues from this bill.

TECHNICAL ISSUES

TRD notes that while the bill restricts revenues attributable to state highway projects approved during the 2003 special session, the bill does not specifically limit its application to those cities in which there were road projects. Rather, the bill would create a permanent formula diverting a portion of some cities' GRT distributions to road projects.

OPJ/lg