

BILL ANALYSIS

Senate Research Center
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S.B. 569
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DIGEST AND PURPOSE

Currently, the City of Grapevine, which encompasses nearly 8,000 acres of the Dallas/Fort Worth International Airport (DFW Airport), receives and has received since the airport opened in 1974 all the tax revenues generated from activities on the airport's property within its city limits. The property was purchased and is owned by the cities of Fort Worth and Dallas, which provide all municipal services, including police, fire, ambulance, water, sewer, roadway repair, mowing, and permitting, on airport property located within Grapevine's city limits at no cost to Grapevine. In 1995, expenses for these services in Grapevine topped more than \$32 million. Latest estimates show that Grapevine receives, in taxes alone, approximately \$11 million annually from activities at DFW Airport, and the estimated annual economic impact on the city totals more than \$350 million. Two neighboring cities that also receive tax revenue from DFW Airport, Euless and Irving, have signed tax-sharing agreements with Dallas and Fort Worth based upon incremental tax revenues in order to remedy tax inequities. However, numerous efforts made by airport officials to secure a similar agreement with Grapevine have proved unfruitful. As proposed, S.B. 569 institutes a tax sharing system by which tax revenues generated on airport property in excess of base year revenues--"increased revenues"--are shared according to certain stated ratios.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 22D, Transportation Code, to add Section 22.089, as follows:

Sec. 22.089. ALLOCATION OF INCREASED REVENUES. (a) Entitles populous home-rule municipalities that are constituent agencies, if one or more airport passenger terminal buildings that are owned jointly by populous home-rule municipalities that are constituent agencies are located within the boundaries of a municipality that is not a constituent agency, to receive annually a portion of the increased annual revenues of the municipality that is not a constituent agency in accordance with Subsection (b).

(b) Requires the municipality that is not a constituent agency to retain one-third of its increased annual revenues. Requires the populous home-rule municipalities that are constituent agencies to share two-thirds of the increased annual revenues of the municipality that is not a constituent agency, in proportion to their respective ownership interests in the airport from which the increased annual revenues were generated. Requires the municipality that is not a constituent agency to pay each populous home-rule municipality that is a constituent agency its share of the increased annual revenues for a calendar year by March 31 of the following calendar year.

(c) Requires the amount of increased annual revenues to be verified each year by an independent auditor retained by the municipality that is not a constituent agency.

Requires the populous home-rule municipalities that are constituent agencies to reimburse the municipality that is not a constituent agency for two-thirds of the cost of the verification in proportion to their respective ownership interests in the airport from which the increased annual revenues were generated. Authorizes each populous home-rule municipality that is a constituent agency, not more frequently than once each calendar year, at its own expense, to audit the records of the increased annual revenues of the municipality that is not a constituent agency.

(d) Defines “base year revenues” and “increased annual revenues.”

SECTION 2. Effective date: January 1, 2002.