

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 16, 2003

TO: Honorable Frank Madla, Chair, Senate Committee on Intergovernmental Relations

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB397 by Mowery (Relating to the procedure for the issuance by a municipality or county of certain certificates of obligation.), **As Engrossed**

No fiscal implication to the State is anticipated.

The bill would amend the Local Government Code regarding requirements for a municipality or county to issue certificates of obligation. Except in a county with a population of less than 100,000, or if the total amount of certificates to be issued is less than \$25 million, the bill would change from the 14th to the 30th day before the date tentatively set for passing an order or ordinance authorizing issuance of certificates as when notice of intent to issue certificates is required to be published. Additionally, a municipality or county, other than a county with a population of less than 100,000, would be required to send a press release to all major area news media regarding the municipality's or county's intention.

Except in a county with a population of less than 100,000, if issuance of the certificates is protested, the number of persons required to sign the petition would be changed from 5 percent of qualified voters, to the number of registered voters equal to at least 2 percent of the number of votes cast for all candidates for president in the most recent presidential election held in the issuing county or municipality. If an election is required, it is required to be held in a manner provided for bond elections under Chapter 1251, Government Code.

The bill would take effect immediately if it receives a vote of two-thirds in each house; otherwise, it would take effect September 1, 2003 and would apply only to certificates of obligation for which the authorizing ordinance or order is adopted on or after the effective date.

Local Government Impact

Under current statute, municipalities and counties, regardless of population size or amount of certificates to be issued, may issue certificates of obligation without voter approval, except when 5 percent of the voters sign a petition protesting the issuance. Under the proposed change in statute, changing the petition requirement to 2 percent of the registered voters who voted in the most recent presidential election could result in more elections regarding issuing certificates of obligation in those affected municipalities and counties.

All elections for certificates of obligation would be held on uniform election days because only institutions of education may hold bond elections on non-uniform election days. If elections were to be held on the uniform dates in February or September, it is likely the certificates would be the only issue on the ballot because counties must elect officers in November and a general election of city officers may not be held on the February or September uniform election dates.

Although the number of elections regarding certificates of obligation that each municipality or county would have to conduct annually is unknown, local government entities would incur full election costs if the certificates are the only item on the ballot. If the issue were to appear on the ballot on a uniform election date along with other issues or election of local government officials, election costs would be increased, but usually not significantly, according to the Secretary of State.

The changes in posting requirements and notifying news media are expected to have an insignificant fiscal impact. The costs of elections would vary. Calculations by the Comptroller of Public Accounts using data provided by the Secretary of State estimates the cost per registered voter in a county election would be 89-cents per voter and the cost per registered voter in a municipal election would be 98-cents per voter.

Source Agencies:

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