

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 1, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB1934 by Capelo (Relating to security and payment for, and the use of the proceeds of, certain public securities.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

This bill would expand the allowable uses of public securities proceeds when the proceeds were used to improve a project or facility. The expanded allowable uses include: 1) paying debt service on the issue sold; 2) contributing to an escrow account established to pay debt service on refunded bonds; 3) paying issuance costs; and 4) paying any other cost related to the purpose for which the debt was sold. To the extent that this bill reduces the interest cost on debt issues, it benefits the State of Texas.

Local Government Impact

Overall, this bill allows local governments to better administer their debt obligations and to reduce unnecessary debt issuance expenses. The bill would have a positive effect on local governments that are authorized to issue tax anticipation notes because it permits debt service payment from a combination of revenue and taxes. Current law restricts the sources of repayment to either revenue or taxes.

Source Agencies: 304 Comptroller of Public Accounts, 312 Securities Board, 347 Public Finance Authority, 352 Bond Review Board, 451 Department of Banking

LBB Staff: JK, DLBa, JRO, MS, ZS