

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

Revision 1

April 17, 2003

TO: Honorable Robert Talton, Chair, House Committee on Urban Affairs

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB2466 by Hartnett (Relating to the costs of reviewing a development project that must be approved by a municipality.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would prohibit a municipality from requiring a developer or a third party to pay the legal fees the municipality incurs when reviewing a development project that requires the municipality's approval. The bill would take effect September 1, 2003.

Municipalities of various sizes and locations provided information about the fiscal impact if the provisions of the bill were to be implemented. The responses were varied, depending on current practices, whether the municipality has in-house legal staff, whether the municipality does or does not require the developer or a third party to pay legal fees associated with the review, and if the municipality normally has to hire a person with professional expertise to conduct the review. Some municipalities stated that there would be no fiscal impact, others estimated an insignificant impact, while the City of Denison (population 22,773) cited an example of a current development project that will cover 2,000 acres. The city states that the project is too large for the city staff to review and the city is contracting for engineers, planners, financing, environment, and legal assistance needed by the city, and the developer will reimburse the city for the expenses, which are estimated to reach \$200,000 over a two-year period.

Local Government Impact

The fiscal impact to units of local government will vary, some reaching significant costs.

Source Agencies:

LBB Staff: JK, DLBa