LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 19, 2003

TO: Honorable Eddie Lucio, Jr., Chair, Senate Committee on International Relations and Trade

FROM: John Keel, Director, Legislative Budget Board

IN RE: **HB3420** by Garza (Relating to a set-aside for certain colonia access roadway projects proposed by rural border counties.), **Committee Report 2nd House, Substituted**

No significant fiscal implication to the State is anticipated.

The substitute for the bill would amend Government Code, Chapter 1403 (relating to issuance of general obligation bonds to finance colonia roadway projects) and require the Texas Public Finance Authority (TPFA) to set-aside five percent of the proceeds of any issue of general obligation bonds or notes to provide grants to rural border counties with a population of less than 25,000 on an international border. The Texas Department of Transportation (TxDOT) would provide grants from the set-aside on a priority basis to rural border counties that pave a road serving a border colonia located in that county for the first time.

The bill does not authorize additional debt, and therefore would not create additional debt service requirements. Minimal administrative expenses would be incurred by TPFA in tracking the set-aside of bond proceeds, and by TxDOT in administering grants to the seven counties eligible to receive funding from the set-aside. The agencies indicated that the provisions of the bill could be implemented with existing staff and resources.

Local Government Impact

Counties that meet the requirements of the bill (population less than 55,000 on an international border) are Brewster, Hudspeth, Jeff Davis, Kinney, Maverick, Presidio, Starr, Terrell, Val Verde, and Zapata.

Jeff Davis County (population 2,000, annual budget $1,017,726) reported that they were paving their first street and had insufficient information to provide financial impact information for their county, but added that the bill would increase the likelihood that the county would be able to pave more roads more quickly.

Presidio County (population 7,304) reported that the bill would allow the county to purchase equipment with which they could pave the streets themselves, instead of paying a premium to an outside contractor to move equipment and personnel to the county's rural location. By paving their own roads, the county would be able to complete twice as much construction with the same amount of funds.

Terrell County (population 1,081) reported that the provisions of the bill would allow the county, which is in a rural location, to offset the added costs of importing contractors to pave roads.

Zapata County (population 12,182, annual budget $18,522,977) reported that the bill could provide approximately $350,000 per year to their county, based on allocations to the county in fiscal year 2002. These funds represent approximately 1.9 percent of the county's total budget.

Source Agencies: 347 Public Finance Authority, 601 Department of Transportation

LBB Staff: JK, KG, EB, ZS