

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 26, 2003

TO: Honorable David Dewhurst, Lieutenant Governor, Senate

FROM: John Keel, Director, Legislative Budget Board

IN RE: SB624 by Lindsay (Relating to the provision of parks and recreational facilities by certain conservation and reclamation districts; authorizing the issuance of bonds on voter approval.),
As Passed 2nd House

No significant fiscal implication to the State is anticipated.

The bill would authorize certain conservation and reclamation districts to finance parks and recreational facilities by issuing bonds. The outstanding principal amount of bonds, notes, and other obligations issued to finance parks and recreational facilities may not exceed an amount equal to one percent of the value of the taxable property in the district as shown by the tax rolls of the central appraisal district at the time of the issuance of the bonds, notes, and other obligations.

If the bonds were to be financed by ad valorem taxes, an election would be required to obtain approval by the voters in the district. Bonds supported solely from revenue would not require an election. Development and maintenance of a swimming pool could not be financed by issuing bonds supported by ad valorem taxes.

The bill would limit the tax rate a district may impose to 10-cents per \$100 of assessed valuation of taxable property in a district located in or surrounding a county with a population of more than 3.3 million.

The Texas Commission on Environmental Quality (TCEQ) would be required to adopt rules regarding the provision and financing of recreational facilities funded through the issuance of bonds that are supported by ad valorem taxes. Further, the bill would repeal sections of the Water Code that provide complete authority to a municipal utility district to develop and maintain recreational facilities.

The bill would take effect on the date on which the constitutional amendment proposed by the 78th Legislature, 2003, Regular Session, relating to the provision of parks and recreational facilities by certain conservation and reclamation districts is approved by the voters; otherwise, the provisions of the bill would have no effect. The sections of the Water Code that would be repealed would be repealed immediately if the bill receives a two-thirds vote in each house; otherwise, that section would take effect July 1, 2003.

The TCEQ estimates that the provisions of the bill may result in an increase of 10 to 20 additional bond issues per year for which the agency processes applications, which would have an insignificant fiscal impact. Adopting rules concerning recreational facilities would also have an insignificant fiscal impact.

Districts that would choose to issue bonds using ad valorem taxes would incur the costs of preparing the bond applications and of an election; however, if the issue was on the ballot as part of a general election, there would be no additional election cost. A district election costs approximately \$1,200. Costs associated with developing and maintaining recreational facilities would be covered by the bond revenue.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 352 Bond Review Board, 582 Commission on Environmental Quality, 802 Parks and Wildlife Department

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