

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**April 23, 2003**

**TO:** Honorable Teel Bivins, Chair, Senate Committee on Finance

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: SB1664** by Averitt (Relating to private activity bonds.), **As Introduced**

**No significant fiscal implication to the State is anticipated.**

The bill increases the state ceiling for Private Activity Bonds for water projects administered by the Texas Water Development Board, from \$50 to \$150 million, and makes other changes to the Private Activity Bond Program.

**Local Government Impact**

The bill would save local housing finance corporations (HFCs) money they would otherwise pay to financial advisors and attorneys that would be preparing a new application on the HFC's behalf.

The bill would also allow local governments, such as non-profit water supply corporations, to potentially achieve savings if they access Texas Water Development Board (TWDB) programs that distribute the proceeds from the private activity bonds. The local governments will get lower interest rates on loans since the private activity bonds carry tax-exempt rates. Typically, a non-profit water supply corporation would only be eligible for taxable rates through TWDB's financing programs.

**Source Agencies:** 352 Bond Review Board, 580 Water Development Board

**LBB Staff:** JK, SD, KG, ZS