LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 8, 2005

TO: Honorable Ray Allen, Chair, House Committee on County Affairs

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: **HB647** by Krusee (Relating to the issuance of county obligations for public improvements and to the review and approval of refunding bonds by the attorney general.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend Chapter 1371 of the Government Code to expand the definition of an "issuer," which would give more counties specific authority to issue securities for certain public improvements. Currently, only a county with a population of 3.3 million or more (Harris County) has the authority under Section 1371.001. Accordint to the Bond Review Board, the proposed change in statute would add at least a dozen or more counties that would be able to issue securities as defined.

The bill would also add a new section to the Government Code that relates to Review and Approval of Obligation, Credit Agreement, and Contract by Attorney General. By adding that instead of reviewing the security as short-term notes at variable rates, the attorney general would review the security as if it were a long-term fixed-rate security for the purposes of determining if the issuer can collect sufficient tax revenue for debt-service coverage, provided that the securities are intended to be refinanced or refunded.

The bill would take effect immediately if it receives the required two-thirds vote in each house; otherwise, it would take effect September 1, 2005.

The Office of the Attorney General reports that because other state statutes authorize counties as issuers, passage of the bill would not result in a substantial increase in the agency's workload.

Local Government Impact

While the Bond Review Board reports there would be no state fiscal impact, the agency provided information on impact to units of local government.

The fiscal impact would vary by county and would be dependent upon the local government's ability to take advantage of the proposed legislation's broader authority for entering into credit agreements. Counties issuing securities under this section must have voter-approval, as well as the approval of the county's governing body.

Source Agencies: 302 Office of the Attorney General, 352 Bond Review Board

LBB Staff: JOB, DLBa