

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

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**March 24, 2005**

**TO:** Honorable Jim Keffer, Chair, House Committee on Ways & Means

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

**IN RE: HJR41** by Casteel (Proposing a constitutional amendment prohibiting the state from reducing the proportion of the costs paid by the state for a function imposed by the state on political subdivisions; from requiring political subdivisions to perform a new function or to perform an existing function in a more costly way unless the state pays for the new or additional costs; and from otherwise adopting a law that requires the expenditure of money by a political subdivision for any purpose unless state funding for the purpose is provided.), **As Introduced**

**No fiscal implication to the State is anticipated**, other than the cost of publication. The cost to the state for publication of the resolution is \$66,497.

If the voters approve the proposed constitutional change, the state would incur additional costs if legislation that is enacted after August 31, 2005 would increase the level of activity a local government must perform for an existing program or service. Additionally, if the proposed amendment is implemented, the state would incur 100 percent of the costs of any unfunded requirements placed on local government entities after January 1, 2006. The amount of future costs cannot be determined.

The resolution would require that a proposed constitutional amendment regarding state requirements that have a fiscal impact on local government entities be placed before the voters in an election to be held November 8, 2005.

If the voters approve implementation of the amendment, the state would not be allowed to reduce funding to local government entities for required activities unless the level of activity required were to also be reduced. Neither the legislature nor a state officer or agency would be able to place new requirements on local government entities to increase the level of activity of existing services without providing funding sufficient to cover the costs.

**Local Government Impact**

Although there would be no fiscal implication to units of local government under existing statutes, any future legislation that would otherwise have imposed a cost to units of local government would not in fact require additional local resources.

**Source Agencies:**

**LBB Staff:** JOB, SD, WP, DLBa