

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

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

**May 12, 2005**

**TO:** Honorable Fred Hill, Chair, House Committee on Local Government Ways & Means

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

**IN RE: SB1205** by Madla (Relating to allowing the creation of multi-jurisdictional library districts; authorizing taxes and bonds.), **Committee Report 2nd House, Substituted**

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

The bill would authorize a county or a municipality to adopt a resolution to create a multijurisdictional public library district. The bill would require a district to establish, equip, support, operate, and maintain one or more public libraries, which would be open free of charge to the public. A district may call an election for the purpose of approving a sales tax, and ad valorem tax, or both, on property in the district. The lead governmental entity would be required to deposit with the county clerk an amount of money equal to the cost of conducting the confirmation election before the election could be ordered. The bill would establish the procedures for conducting the election. The election would not be allowed unless the governing body of the lead governmental entity first determines the district would be supported by a sales tax, an ad valorem tax on property located in the proposed district, or both.

The district would be authorized to pay all costs and expenses necessarily incurred in creating and organizing the district. Payments may be made from money obtained from taxes or other district revenue. The bill would require the district to have a board of trustees, who may employ an executive director and employees and set the compensation of those persons. The district may acquire property or existing facilities. The district may sue and be sued.

The lead governmental entity involved in creating the district would be required to provide over 50 percent of the assets to the district. The district would be authorized to borrow money, impose fees for providing a district service, impose ad valorem taxes in the district, and impose a sales and use tax. The bill addresses limits on tax rates and use of taxes collected. The district would also be authorized to issue bonds only if the governing body of the lead governmental entity consents by resolution..

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.

**Local Government Impact**

The lead governmental entity would incur costs associated with providing over 50 percent of the initial assets of the district and with publishing notice and conducting an election, if one is ordered. Based on information submitted by local government entities to the Secretary of State in March 2004, the statewide average cost per registered voter was \$1.29. Election costs would vary by governmental entity.

Because the multijurisdictional library district would be allowed to borrow money and impose fees and taxes to cover set-up and operational costs, it is anticipated that implementation of the bill would result in an insignificant fiscal impact to units of local government.

**Source Agencies:**

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