

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 9, 2005

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

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

IN RE: SB1660 by Carona (Relating to the assumption of road district powers and duties by certain municipal utility districts; authorizing bonds.), **As Engrossed**

No fiscal implication to the State is anticipated.

The bill would amend the Water Code to authorize the board of a municipal utility district, except a district located in counties of certain population size and geographic location (Harris County and counties adjacent to it) to order an election to determine whether the district should assume the powers and duties of a road district under Section 52(b)(3), Article III of the Texas Constitution. The bill would establish the procedures for the election, for the district to assume the powers and duties of a road district if the voters approve the assumption of the road district, and for reimbursement of construction contract expenses.

If as a result of voter approval the district assumes the powers and duties of a road district, it would be required to have approval by two-thirds or more of the voters of the district voting in an election to authorize issuance of bonds for road district purposes. The total amount of bonds and other obligations may not exceed one-fourth of the assessed valuation of real property in the district. In addition, the district would be prohibited from issuing bonds if the combined projected tax rate for the district were to exceed \$1.50 per \$100 of taxable value and the combined no-growth tax rate for the district were to exceed \$2.50 per \$100 of taxable value.

The district would be required to maintain all roads constructed or purchased by the district unless the county or another political subdivision assumes that responsibility.

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

A district would incur the costs of an election for seeking approval to assume road project authority and for seeking authorization to issue bonds. According to a sampling of election costs reported by local government entities to the Secretary of State in March 2004, the average election cost per registered voter is \$1.29. Election costs would be higher if the election is held on a uniform election date other than on the general election date. Costs would vary by district.

It is assumed that if issuance of bonds is not approved, the district would not take actions that would incur costs for which it does not have financing, and if issuance of bonds is approved, the district would have sufficient revenue from bonds to undertake needed projects and to maintain applicable roads.

Source Agencies: 601 Department of Transportation

LBB Staff: JOB, DLBa