

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

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**April 10, 2007**

**TO:** Honorable Leo Berman, Chair, House Committee on Elections

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

**IN RE: HB2149** by Bohac (Relating to the authority of certain municipalities that elect the members of the municipal governing body wholly or partly from single-member districts.), **As Introduced**

<b>No fiscal implication to the State is anticipated.</b>
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The bill would add Section 275.004 to the Election Code to prohibit, except under certain circumstances, annexation of an area located in a special district by a municipality with a population of more than 650,000. The bill would take effect immediately if it were to receive the required two-thirds vote in each house; otherwise, it would take effect September 1, 2007.

**Local Government Impact**

Based on the 2000 U.S. Census, the municipalities that would be affected by the bill would be Austin, Dallas, Houston, and San Antonio, each of which was contacted by the Legislative Budget Board. The cities of Austin and Houston submitted fiscal impact information, both indicating that the provisions of the bill would result in a significant negative fiscal impact.

The City of Austin currently has two special districts projected to be annexed by the city, with an estimated taxable total assessed value of \$1 billion. Beyond fiscal year 2012, there are additional special districts projected to be annexed with an estimated taxable total assessed value of over \$2.1 billion. Because property tax collections are not realized until the year after annexation, the city would not experience a revenue loss until starting in fiscal year 2010. The loss that year would be \$1.1 million, and in fiscal year 2011 would be over \$3.5 million, and in fiscal year 2012, more than \$5.5 million.

The City of Houston, while not identifying revenue losses, indicated costs associated with implementing provisions of the bill. The city estimates that changes in how redistricting plans would be prepared would require additional staff and new operational costs totalling \$600,000 to \$750,000 per year starting in fiscal year 2009.

**Source Agencies:**

**LBB Staff:** JOB, MN, DB