

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 29, 2007

TO: Honorable Florence Shapiro, Chair, Senate Committee on Education

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

IN RE: SB881 by Shapiro (relating to the limitation on the issuance of tax-supported bonds by a school district.), **Committee Report 1st House, Substituted**

| |
|------------------------------------------------------------------------------|
| <p>No significant fiscal implication to the State is anticipated.</p> |
|------------------------------------------------------------------------------|

Chapter 45, Education Code and Chapter 1202, Government Code currently require approval of bonds issued by school districts by the Attorney General's Public Finance Division. The Office of the Attorney General indicates the provisions of the bill would not be expected to materially increase the Public Finance Division's workload.

The Texas Education Agency indicates that the bill would have no direct fiscal implications for the Foundation School Program or the operations of the Agency.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

The bill would provide an alternative to the current statutory 50-cent test by allowing a school district to demonstrate to the Attorney General that: 1) excluding bonds authorized on or before April 1, 1991 that were issued prior to September 1, 1992, the district's current tax rate for previously issued bonds is less than \$0.50; and 2) the aggregate principal amount of bond indebtedness would not exceed 10% of the district's assessed property valuation according to the most recently certified tax rolls of the district. No new actions would be required of school districts. School districts could gain additional flexibility with regard to the issuance of general obligation bonds under the provisions of the bill.

Source Agencies: 302 Office of the Attorney General, 701 Central Education Agency

LBB Staff: JOB, JSp