

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 9, 2007

TO: Honorable Wayne Smith, Chair, House Committee on County Affairs

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

IN RE: SB968 by West, Royce (Relating to financing tools for certain obligations for public improvements.), **Committee Report 2nd House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend Chapter 1371, Government Code, relating to obligations for certain public improvements to clarify and provide detailed requirements and procedures for credit agreements and the issuers that are entitled to enter into such agreements. It is assumed that any additional costs associated with implementation of the bill could be absorbed within existing resources.

The bill would also amend Chapter 65, Education Code as it relates to the University of Texas System being able to enter into Bond Enhancement agreements. The University of Texas System indicates that there could be some savings associated with the bond enhancement agreements since it would allow the System to hedge against interest rate increases in anticipation of upcoming bond issues.

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

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

Source Agencies: 302 Office of the Attorney General, 305 General Land Office and Veterans' Land Board, 332 Department of Housing and Community Affairs, 347 Public Finance Authority, 352 Bond Review Board, 580 Water Development Board, 720 The University of Texas System Administration, 304 Comptroller of Public Accounts, 601 Department of Transportation

LBB Staff: JOB, DB, JM, KJG