

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

Revision 1

May 26, 2007

TO: Honorable David Dewhurst , Lieutenant Governor, Senate
Honorable Tom Craddick, Speaker of the House, House of Representatives

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

IN RE: SB1332 by West, Royce (Relating to the establishment of debt management policies and guidelines by the Bond Review Board, including the approval by the board of certain interest rate management agreements, and to other matters affecting public finance.), **Conference Committee Report**

No significant fiscal implication to the State is anticipated. The Bond Review Board (BRB) should be able to perform the duties of this bill within existing agency resources.

The bill would implement two recommendations in the LBB Government Effectiveness and Efficiency Report entitled "Enhance the Management and Oversight of State Debt." The goal of these recommendations is to improve the management and oversight of state debt by establishing or expanding the duties of the Bond Review Board (BRB) and other agencies with a role in the debt management process. The bill also includes a change to address interest rate management agreements, requires the Legislative Budget Board prepare a debt affordability study, includes clauses requiring that preference be given to bond issuance and/or historically underutilized businesses located in Texas.

The bill would amend Government Code, Chapter 1371, by adding Subchapter D related to retaining advisors for the issuance of public securities and related matters.

This Act would take effect September 1, 2007, except for the amendments of Government Code, Sections 1371.154 and 1374.155 which take effect January 1, 2008.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 352 Bond Review Board

LBB Staff: JOB, JRO, CT, JJO, JI, EM