

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 17, 2007

TO: Honorable Robert Puente, Chair, House Committee on Natural Resources

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

IN RE: SB1535 by Fraser (Relating to the issuance of bonds by a municipality for a defined area in an abolished municipal utility district; authorizing a tax.), **Committee Report 2nd House, Substituted**

No fiscal implication to the State is anticipated.

The bill would add Chapter 108 to Subtitle A, Title 4 of the Local Government Code regarding use of bonds secured by property taxes for a defined area that were issued by a Municipal Utility District after the district is abolished by a municipality if some or all of the bonds were not issued, sold, and delivered:

A municipality would be authorized to issue or sell municipal bonds in an amount not to exceed the amount of the unissued district bonds and to carry out the purposes for which the district bonds were voted.

A municipality would be authorized to establish a public improvement district for the purpose of issuing and selling municipal bonds in an amount not to exceed the amount of the unissued district bonds and for the purpose of carrying out the purposes for which the district bonds were voted. A municipality that establishes a public improvement district may enter into agreements with developers of property in the district for the construction, acquisition, expansion, improvement, or extension of improvements in the district. The bill provides for payment methods regarding the agreements.

Provisions of the bill would apply to actions that occurred before, on, or after the effective date of the bill. 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:

LBB Staff: JOB, WK, DB