

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 1, 2009

TO: Honorable Royce West, Chair, Senate Committee on Intergovernmental Relations

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

IN RE: HB621 by Elkins (Relating to public improvement districts designated by a county or municipality.), **As Engrossed**

No fiscal implication to the State is anticipated.

The bill would amend the Local Government Code to add options related to how a public improvement district could require payments on assessments and what interest rates the district may require. The bill would allow, rather than require as stated in current statute, a public improvement district to create a separate fund in the municipal or county treasury for each district.

The bill would also add requirements related to how costs for improvement projects are to be paid from a special assessment that is to be paid in installments and a cost payable by the municipality or county as a whole but not payable from available general funds or other available general improvement funds. Provisions of the bill would establish how to calculate the net effective interest rate on money owed or paid.

Under the proposed change in statute, a governing body of a municipality or county would be authorized to enter into an agreement with a corporation created by the municipality or county for payment of amounts pledged to the corporation to secure indebtedness issued by the corporation to finance an improvement project.

Local Government Impact

No significant fiscal implication to units of local government is anticipated. The proposed changes in statute would provide more flexibility regarding funding and assessments related to public improvement projects. The fiscal implications to units of local government would vary depending on the improvement projects, funding methods, assessments, and terms of agreements entered into.

Source Agencies:

LBB Staff: JOB, DB, TP