

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 5, 2009

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

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

IN RE: SB2209 by Hinojosa (Relating to applications regarding the issuance of private activity bonds by certain governmental entities for projects with multiple sites.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would include multiple facilities in the definition of a project that would be proposed to be financed by an issue of private activity bonds and provides that applications may include multiple facilities in multiple jurisdictions only for applications for the financing of sewage facilities, solid waste disposal facilities, and qualified hazardous waste facilities. The bill would also allow the number of facilities to be reduced as needed without affecting status as a project for the purposes of the application.

The bill would require the nonrefundable fee of \$500 for each facility included in the project application for a reservation or a carryforward designation of state ceiling. According to the Bond Review Board (BRB), it is expected that the number of applications would decrease and would be offset by an equal increase of facilities within an application. Therefore no significant fiscal impact is expected. However, it is expected that the total project cost per application would increase and could potentially decrease the amount of closing costs collected for each private activity bond transaction. Based on historical closing costs and amounts for each private activity bond transaction, the Bond Review Board estimates less than \$12,000 per fiscal year in closing costs would be lost due to the requirements of the bill.

The bill would prohibit the Bond Review Board to accept applications for a reservation or a carryforward designation of state ceiling for any one program year for more than one facility included in a project located at or related to a business operation at a particular site.

The bill would take effect immediately if it receives a vote of two-thirds of all the members elected to each house, otherwise, the bill would take effect September 1, 2009.

It is assumed that any additional duties and responsibilities required by the bill could be absorbed within existing resources.

Local Government Impact

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

Source Agencies: 352 Bond Review Board

LBB Staff: JOB, EP, TP