

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

February 24, 2011

TO: Honorable Jim Keffer, Chair, House Committee on Energy Resources

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

IN RE: HB659 by Villarreal (Relating to voluntary assessment of property owners by a municipality to finance water or energy efficiency improvements.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would amend Chapter 376 of the Local Government Code to authorize a municipality to allow property owners to be voluntarily assessed fees to finance water efficiency public improvements. Current statute allows cities to provide financing to property owners to install energy efficient improvements in return for financing, property owners agree to an assessment on the property as a repayment method.

The bill also would add requirements for reporting, collection and payment of assessments. A contractual assessment would have the same priority as a municipal property tax lien to accrue interest and penalties for a delinquent payment. A municipality would be allowed to recover costs and expenses incurred in a suit to collect a delinquent assessment payment.

Local Government Impact

According to the Comptroller of Public Accounts, several cities reported there would be a significant fiscal impact to cities that choose to implement a water efficiency improvement financing program; however, it would vary depending on the amount of financing a local government provided and the amount necessary to incorporate assessments into the tax collection process. It is assumed that a city would make water efficiency public improvements only if sufficient funds were available.

The City of Coppell stated they have no plans to implement such a program. They could not determine the amount of money they would invest in the program between fiscal years (FY) 2011–16 because it is uncertain if they would implement the program during this time. There would be some initial costs for programming the collection software and added personnel; however, the city could not estimate the costs at this time. The city collects its own property taxes, and collects more than 99 percent of the property taxes assessed.

The City of San Antonio and the San Antonio Water/Sewer Supply (SAWS) stated they are not planning to implement this type of program, and that they would require a grant or some other initial investment to beginning financing. The current typical water projects require customers to repay the financing within two years. The city and SAWS could not estimate the startup or administrative costs for the program. The city contracts with Bexar County to collect its property taxes, and collects approximately 98 percent of property taxes assessed.

Several entities, including the Williamson County Tax Office and the City of Houston, reported there would be no fiscal impact to implement the provisions of the bill.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, SZ, TP