

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**April 26, 2011**

**TO:** Honorable Larry Phillips, Chair, House Committee on Transportation

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

**IN RE: HB2770** by Smith, Wayne (Relating to the powers and duties of navigation districts, port authorities, and certain municipalities.), **Committee Report 1st House, Substituted**

**No significant fiscal implication to the State is anticipated.**

The bill would amend sections of the Government Code, the Local Government Code and Water Code relating to the powers and duties of navigation districts, port authorities, and certain municipalities.

A navigation district, port authority or board of trustees under Chapter 54 of the Transportation Code would be authorized to conduct a closed meeting to consider proposed changes to facilities or services, or a bid, proposal or contract for goods or services under negotiation, if the release of information would have a detrimental effect on the position of the entity.

The bill would amend the Local Government Code to include wharves, docks, navigation channels, and dredge material placement areas to the definition of civil works projects; and board of trustees under Chapter 54 of the Transportation Code to the definition of local governmental entity enabling a board to be considered as a local governmental entity in certain circumstances as defined by the provisions of the bill.

The bill would amend the Water Code to change the powers and duties of a navigation district and certain municipalities. Any navigation district could engage in certain activities, including constructing improvements and leasing oil, gas and minerals. The bill would modify the procedures for the sale of land and the ability to lease, including the ability to contract with a broker to sell a tract of land.

A navigation district would be authorized to enter into a contract with a public facility corporation for the purpose of improvements and to make payments under a contract through the sale of bonds or notes, taxes or any other income. In order to enter into such a contract, a district would be required to hold an election using the same process as an election to authorize bonds and be subject to approval by the attorney general. Once a contract, lease, or agreement has been approved by the attorney general and registered by the comptroller, it would be incontestable except for forgery or fraud. A district could accept gifts, grants and donations, and would be required to adopt payment procedures consistent with Section 105.074(g) of the Local Government Code.

The bill would require a district to hold an electronic copy or photocopy of a purchase and would grant authority to establish an electronic requisition system to perform such functions. The bill would authorize a navigation district to establish an employee charitable contribution campaign and would provide specific guidelines and procedures for the campaign.

The bill would amend the Local Government Code to authorize the board of trustees of a city owned port under Chapter 54 of the Transportation Code to use the design-build method of construction as defined by Chapter 271.

The bill would repeal Section 60.465 of the Water Code to remove the expiration date of September 1, 2013, regarding purchase contracts.

According to the Office of the Attorney General's (OAG) Public Finance Division, there have only been about twenty Texas navigation districts that have issued public securities since 1987 and the number of districts that would choose to hold an election to vote on agreements secured by tax revenues is unknown. The OAG reported that any costs associated with the provisions of the bill could be reasonably absorbed within the agency's current resources.

### **Local Government Impact**

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

**Source Agencies:** 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 582 Commission on Environmental Quality

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