

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

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

**May 20, 2011**

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

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

**IN RE: HB3246** by Elkins (Relating to public improvement districts designated by a municipality or county.), **As Engrossed**

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

The bill would amend the Local Government Code to modify several practices regarding the creation, management and authority of Public Improvement Districts (PID), including noncontiguous districts, scope of public improvement projects, utility services, higher education partnerships, assessment plans, and contracting for the collection of assessments. The bill also would alter several funding methods including reimbursements, temporary notes, time warrants, installment contracts, interest, and general obligation and revenue bonds.

If an assessment is collected and applied to pay an installment of a sales contract, reimbursement agreement, temporary note, or time warrant, the governing body of a municipality or a county would be authorized to pledge all or part of the revenue collected to pay general obligation bonds, certificates of obligation or revenue bonds issued to refund obligations.

The bill would repeal Section 372.023(f) of the Local Government Code.

**Local Government Impact**

Based on the analysis from the City of Fort Worth, duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources. A PID could experience additional administrative costs for non-contiguous areas and increased collection fees charged by a county. The additional ability to cost improvements would result in reimbursable administrative costs and additional revenue.

The City of Grand Prairie recently researched the use of deferred assessments for PIDS. The city found the costs of software too high and the revenue generated would not be sufficient to cover costs for providing services for developments.

**Source Agencies:**

**LBB Staff:** JOB, KKR, TP