

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

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

**April 23, 2011**

**TO:** Honorable Harold V. Dutton Jr., Chair, House Committee on Urban Affairs

**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.), **Committee Report 1st House, As Amended**

**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, 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.

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

The bill also would require a municipality or a county issuing bonds or obligations payable wholly or partly from assessments to find and determine all underground water, wastewater, and drainage facilities and all road and street construction to serve assessed property necessary to support the bonds is 95 percent complete; and at least 25 percent of the property assessed necessary to support the bonds must be developed with completed houses, builds or other vertical improvements.

**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.

In addition, there could be costs to a municipality or a county associated with the requirements to find and determine that the facilities and street construction is 95 percent complete and at least 25 percent of the property assessed is developed as specified. The amounts would vary depending on the amount of applicable bonds or obligations that are issued and the percentage of completion as required.

**Source Agencies:**

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