

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 20, 2011

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

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

IN RE: HB3452 by Anchia (Relating to improvement districts in municipalities and counties.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would amend the Local Government Code to authorize a public improvement district (PID) to undertake projects on properties with a common land use or other common characteristic. The bill also would authorize a PID to use deferred assessment and would provide procedures governing the practice.

Local Government Impact

Based on the analysis of the City of Fort Worth, the fiscal impact is not anticipated to be significant. A PID could have additional administrative costs by including more areas, contiguous or non-contiguous in the PID boundary than would have otherwise. Currently, the areas in the PID boundary are only contiguous. The city also stated that there could be increased collection fees charged by a county determined by the number of accounts in each PID. In addition, there could be an increase in revenue from special assessments as a result of boundary changes in the PIDs if property values increase in the area; and an additional ability to cost improvements that would result in reimbursable administrative costs and additional revenue.

The City of Grand Prairie reported that the city recently researched the use of deferred assessments for PIDS and determined that the City's Charter prohibits using public funds to pay for developer costs. In addition, Dallas County, which collects assessments for 15 of Grand Prairie's PIDs did not have the software needed to collect a deferred assessment; as a result, the city would have needed to either purchase the software for Dallas County or hire another contractor to handle collections. In addition, the analysis revealed that the revenue generated by the proposed development (houses with an average value of \$200,000) would not be sufficient to cover the costs of providing the services for the development.

Source Agencies:

LBB Staff: JOB, KKR, TP