

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 24, 2011

TO: Honorable David Dewhurst, Lieutenant Governor, Senate

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

IN RE: SB1543 by Wentworth (Relating to the authority of an independent school district to invest in corporate bonds.), **As Passed 2nd House**

No fiscal implication to the State is anticipated.

Local Government Impact

The bill would authorize school districts meeting the definition of issuer under Section 1371.001, Government Code, to invest in corporate bonds subject to certain limitations. At present, Section 1371.001, Government Code defines issuer to include independent school districts that have 50,000 or more students in average daily attendance. Section 1371.001 Government Code also defines issuer to include political subdivisions that meet a \$100 million threshold for outstanding or proposed long-term debt that has been rated all or in part in one of the four highest rating categories without regard to credit agreement or credit enhancement. Currently 135 school districts would meet the qualifications under the bill. Fiscal implications for affected school districts would vary depending upon local investment decisions.

Source Agencies: 701 Central Education Agency

LBB Staff: JOB, LXH, JSp