

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

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**March 11, 2013**

**TO:** Honorable Rodney Ellis, Chair, Senate Committee On Open Government

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: SB636** by Paxton (Relating to public information regarding bonds and other obligations issued by the state and local governments.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB636, As Introduced: a negative impact of (\$843,712) through the biennium ending August 31, 2015.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	(\$573,831)
2015	(\$269,881)
2016	(\$269,881)
2017	(\$269,881)
2018	(\$269,881)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Change in Number of State Employees from FY 2013
2014	(\$573,831)	3.0
2015	(\$269,881)	3.0
2016	(\$269,881)	3.0
2017	(\$269,881)	3.0
2018	(\$269,881)	3.0

Fiscal Year	Change in Number of State Employees from FY 2013
2014	
2015	

2016
2017
2018

## **Fiscal Analysis**

The bill would amend the Government Code to require the Attorney General (OAG) to collect certain information related to each issued local security and send that information to the Bond Review Board (BRB) for inclusion in their reports. The bill would prohibit the OAG from approving a local security until it receives notification from the BRB that the BRB has received certain required information. The bill would require the BRB to develop and maintain a computerized database containing certain information related to all state and local debt authorized by the Texas Constitution. The bill would require the database to be searchable by zip code and available no later than September 1, 2014. The bill would require the BRB to make the database available on their website, and require the comptroller to provide a link to the database on their website. The bill would also require the BRB to publish an annual local debt report, no later than 180th day after the end of each fiscal year. The bill would require the BRB to publish a local debt statistics report on their website, no later than the 150th day after the end of each fiscal year.

It is assumed that any costs for the OAG associated with implementing the provisions of the bill could be absorbed within existing resources by the agency

The bill would require any issuer of local securities to annually provide information related to local securities to the bond finance office, however it is assumed that this could be absorbed within existing resources.

The bill would take effect on January 1, 2014.

## **Methodology**

The BRB estimates that amending the definition of “local security” would require BRB review of an additional 100 to 200 conduit debt transitions. The BRB estimates that in order to produce a annual local debt report, as required by the bill, they would have to recreate all preceding debt service schedules (estimated to be 4,250 transactions). The BRB indicated a need to hire 3.0 additional full-time equivalent positions (FTEs) - two Financial Analyst III and an Accountant I - to handle the increase in transactions reviewed and any backlog necessary to compile the reports in a timely manner. The BRB estimates the costs associated with these additional FTEs would be approximately \$240,000 in each fiscal year for salary and benefit costs. Because the BRB has no IT staff, in order to develop bond and debt database searchable by zip code it is estimated that the most cost-effective method of gathering this data would be to outsource the development of a geographical information system. The BRB estimates this would cost approximately \$200,000 in the first year and \$10,000 for every subsequent year.

## **Technology**

The BRB indicated that there would be additional technology related costs in order to obtain updated certain software licenses, used to process size, structure, and refund calculations for debt issuances. The BRB indicated that this software was purchased in 2001 and estimate the cost of purchasing updated software at \$78,950 in the first year, and \$20,000 for maintenance in every subsequent year.

## **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,  
352 Bond Review Board

**LBB Staff:** UP, KKR, EP, EMo, JM