

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

Revision 1

April 6, 2003

TO: Honorable David Swinford, Chair, House Committee on Government Reform

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB2897 by Swinford (Relating to state agency utility savings and capital expenditure reductions.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend Government Code Chapter 2166 by adding section 2166.555, which would require agencies to determine if capital items could be funded through savings from a contract for energy conservation measures for utilities. Agencies would consider utility cost savings generated as potential methods to finance capital expenditures throughout all of the departments within the agency.

According to data compiled by the Comptroller of Public Accounts, in fiscal year 2002, capital expenditures related to utilities totaled \$108,773,931. During the same fiscal year, utility costs totaled \$241,198,967.

Utility savings, created by installing new, efficient energy and water related capital items, accrue during the first year of an energy and water savings performance contract, however those savings are generally dedicated to the repayment of the costs of the contract. Therefore, there would be no utility costs or savings during the term of the contract.

For purposes of this fiscal note, it is assumed contracts for utility conservation would have a five-year term, therefore, net savings would not be realized during the next two biennia. Actual savings would be realized in future biennia, once contract payments were complete.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 303 Building and Procurement Commission, 580 Water Development Board, 592 Soil and Water Conservation Board, 802 Parks and Wildlife Department, 304 Comptroller of Public Accounts

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