

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATURE 1st CALLED SESSION - 2005

July 7, 2005

TO: Honorable Robert Puente, Chair, House Committee on Natural Resources

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

IN RE: HB40 by Puente (Relating to the management of the water resources of the state, including the protection of instream flows and freshwater inflows.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB40, Committee Report 1st House, Substituted: a negative impact of (\$3,155,387) through the biennium ending August 31, 2007.

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
2006	(\$1,301,988)
2007	(\$1,853,399)
2008	(\$2,033,309)
2009	(\$2,092,999)
2010	(\$2,045,999)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1	Change in Number of State Employees from FY 2005
2006	(\$1,301,988)	8.3
2007	(\$1,853,399)	13.0
2008	(\$2,033,309)	16.0
2009	(\$2,092,999)	16.0
2010	(\$2,045,999)	16.0

Fiscal Analysis

The bill would provide that existing water rights could be converted temporarily or permanently to use for environmental flow protection. The bill would replace the Study Commission on Water for Environmental Flows to the Texas Environmental Flows Commission (TEFC). The TCEQ would continue to provide staff support to the modified TEFC. The TEFC would develop flow regime recommendations based on a priority schedule by river basin. The bill would create the Texas Environmental Flows Science Advisory Committee (TEFSAC) and the Basin and Bay Area Stakeholders Committee (BBASC). The TCEQ, the Texas Water Development Board (TWDB), and the Texas Parks and Wildlife Department (TPWD) would be responsible for coordinating with the TEFC, TEFSAC, and the BBASC, providing reports regarding the groups' recommendations, and providing technical assistance.

The bill would allow the TWDB to use money in the research and planning fund of the Water Assistance Fund No. 480 to compensate members of the TEFSAC and the Bay and Basin Expert Science Teams (BBEST) for meeting expenses. It would also allow the TWDB to pay contract costs for technical assistance to TFEC advisory committees and the BBESTs and costs incurred by political subdivisions designated as representatives of the BBASC.

The bill would take effect immediately if it receives approval in both houses of the Legislature. Otherwise, it would take effect November 1, 2005.

Methodology

To provide technical support to the committees established in the bill, complete hydrological modeling, geographic information systems applications related to instream flows, and to evaluate economic factors, 6.0 additional FTEs and related costs are expected to be needed by the TCEQ. In addition, the TCEQ would have contract service costs of \$250,000 per year to upgrade and maintain water availability models.

The TWDB also expects to need additional staff and related costs to provide data and expertise to the committees established in the bill, as well as funding for costs incurred by the TEFSAC, BBEST, as well as administrative costs for designated political subdivisions and studies relating to bays and estuaries. The agency expects that the number of FTEs needed would increase from 2.0 in fiscal year 2006 to 8.0 FTEs in fiscal year 2008. The TWDB expects costs not related to FTEs to total between \$675,000 to \$1,025,000 per fiscal year for duties prescribed in the bill.

No significant fiscal implications to the TPWD are anticipated to result from the bill's provisions relating to the agency's coordination with newly created councils and committees.

This estimate assumes the bill would take effect on November 1, 2005. Costs and FTEs in fiscal year 2006 have been adjusted to reflect that the bill would only be effective during 10 of 12 months of the fiscal year. If the bill were to take effect immediately, the costs to the TCEQ and Water Development Board would be higher. However, that difference is not expected to be significant.

Local Government Impact

Councils and committees created, expanded or modified by the bill could incur administrative costs. However, these costs are not expected to be significant, since state agencies are required to provide technical and staff support to these entities.

Source Agencies: 580 Water Development Board, 582 Commission on Environmental Quality, 304 Comptroller of Public Accounts, 802 Parks and Wildlife Department

LBB Staff: JOB, DLBa, SD, WK, ZS, TL