

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

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**April 10, 2005**

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

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

**IN RE: HB1226** by Puente (Relating to water conservation.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1226, As Introduced: a negative impact of (\$19,902,319) 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	(\$11,826,570)
2007	(\$8,075,749)
2008	(\$7,055,749)
2009	(\$7,395,749)
2010	(\$7,055,749)

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

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE FUND</i> 1	Change in Number of State Employees from FY 2005
2006	(\$11,826,570)	21.5
2007	(\$8,075,749)	21.5
2008	(\$7,055,749)	21.5
2009	(\$7,395,749)	21.5
2010	(\$7,055,749)	21.5

**Fiscal Analysis**

The bill would create a 17-member Water Conservation Advisory Council. The Water Development Board would be required to provide necessary staff to assist the council in its duties and provide a report on progress made in water conservation efforts in December of each even-numbered year.

The bill would require retail public utilities with 3,300 or more customers to submit water conservation plans to the Water Development Board. The bill would make conservation projects eligible for funding out of the Water Loan Assistance Fund. It would also require the Water Development Board to develop and implement a regional water conservation assistance program consisting of regional conservation coordinators located in each of the 16 regional water planning areas of the state.

The bill would direct the Water Development Board to develop and implement a statewide water

conservation public awareness program. It would also require entities submitting water conservation plans to report annually on the progress of implementing conservation plans. The Water Development Board and the Texas Commission on Environmental Quality would adopt rules specifying the requirements of plan submissions and provisions of enforcement. The Water Development Board would review the plans.

The bill would take effect immediately if it receives a two-thirds vote in both houses. Otherwise, it would take effect on September 1, 2005.

### **Methodology**

This estimate assumes that 0.75 additional FTEs and associated costs (approximately \$50,000 per year) would be required by the Water Development Board to assist the Water Conservation Advisory Council with its duties. A cost of \$20,000 for publishing a biennial report also is included in fiscal years 2007 and 2009.

To coordinate the availability of the Water Assistance Loan Fund, the Water Development Board would require 0.25 additional FTEs and associated costs of approximately \$17,000 per year.

This estimate assumes that the Water Development Board would require one new regional conservation coordinator for each of the 16 regional planning areas, along with 1.5 FTEs at the agency's headquarters for management and support of the coordinator program. Annual costs associated with these 17.5 FTEs of approximately \$1.2 million are included in the table above in each fiscal year, and additional startup costs for the acquisition of vehicles and other capital of \$455,000 are also included in fiscal year 2006.

For the public awareness program, it is estimated that 2 FTEs would be required by the Water Development Board to provide oversight and administration of the program at a cost of approximately \$135,000 per fiscal year, while contractor services ranging from \$9.9 million in fiscal year 2006 to \$5.8 million in fiscal year 2010 are included for the purchase of media advertising and the development of materials. This estimate assumes that the public awareness program would be similar in scale to the "Don't Mess with Texas" program operated by the Texas Department of Transportation.

One additional FTE and costs of approximately \$60,000 are expected to be required by the Water Development Board to review water conservation plans and annual reports. This estimate assumes that approximately 400 additional conservation plans would need to be reviewed upon passage of the bill.

No significant fiscal implications to the TCEQ are anticipated.

This estimate assumes that FTEs and funding would be required starting on September 1, 2005, whether the bill takes effect immediately or on that date.

### **Local Government Impact**

Local governments could incur costs associated with preparing and submitting a water conservation plan if the local government does not already have such a plan. Local governments also would incur some costs in reporting annually to the executive administrator of the Water Development Board. The cost would depend on the requirements for plan submission that would be adopted by the TCEQ and Water Development Board.

**Source Agencies:** 580 Water Development Board, 582 Commission on Environmental Quality

**LBB Staff:** JOB, WK, ZS, TL