

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 25, 2005

TO: Honorable Carlos Uresti, Chair, House Committee on Government Reform

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

IN RE: HB2010 by Flores (Relating to authority of the state auditor to investigate or audit a nonprofit water supply or sewer service corporation.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2010, As Introduced: a negative impact of (\$515,000) 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.

The bill would require the State Auditor's Office (SAO) to conduct an investigation or audit of a nonprofit water supply or sewer service corporation that receives state or federal money in response to a protest received from a member or customer of the corporation regarding alleged impropriety, malfeasance, or nonfeasance related to the performance of the corporation's duties. The SAO may forward the findings to the Office of the Attorney General. The bill would take effect September 1, 2005.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	(\$257,500)
2007	(\$257,500)
2008	(\$257,500)
2009	(\$257,500)
2010	(\$257,500)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from GENERAL REVENUE FUND 1
2006	(\$257,500)
2007	(\$257,500)
2008	(\$257,500)
2009	(\$257,500)
2010	(\$257,500)

Fiscal Analysis

The bill would require the state auditor to conduct an appropriate investigation or audit in response to a protest from a member or customer of a nonprofit water supply or sewer service corporation that receives state or federal money.

Methodology

Based on information from the Texas Commission on Environmental Quality, there are approximately 800 nonprofit water or sewer service corporations in Texas. The SAO assumed that during fiscal years 2006 to 2010 the SAO would receive one or more protests or complaints each year, which would require significant audit and investigation resources. Receiving, analyzing, and handling protests and complaints would take approximately 250 hours and cost \$16,500 per year. It was further estimated that appropriate audits would take 2,500 hours and cost \$165,000, plus \$7,000 for travel costs, each year. In addition, investigations would take 1000 hours and cost \$66,000, plus \$3,000 for travel, each year.

Technology

No significant impact to technology resources is anticipated due to implementation of the bill.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 308 State Auditor's Office

LBB Staff: JOB, LB, MS