

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 30, 2007

TO: Honorable Kip Averitt, Chair, Senate Committee on Natural Resources

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

IN RE: HB3 by Puente (Relating to the management of thw water resources of the state, including the protection of instream flows and freshwater inclows.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3, Committee Report 2nd House, Substituted: a negative impact of (\$3,158,891) through the biennium ending August 31, 2009.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	(\$1,500,201)
2009	(\$1,658,690)
2010	(\$1,950,559)
2011	(\$1,874,459)
2012	(\$1,624,659)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND 1</i>	Probable Savings/(Cost) from <i>GAME, FISH, WATER SAFETY AC 9</i>	Change in Number of State Employees from FY 2007
2008	(\$1,500,201)	(\$224,739)	11.1
2009	(\$1,658,690)	(\$219,054)	12.1
2010	(\$1,950,559)	(\$219,978)	13.3
2011	(\$1,874,459)	(\$219,978)	13.3
2012	(\$1,624,659)	(\$220,902)	13.3

Fiscal Analysis

This bill amends various sections of the Water Code to set out a new regulatory approach to provide surface water to meet environmental flow needs. The bill creates an Environmental Flows Advisory Group supported by an Environmental Flows Science Advisory Committee (SAC), to oversee regional consensus-based Bay and Basin Stakeholders Committees as they develop environmental flow standard recommendations for consideration by the Texas Commission on Environmental Quality (TCEQ). These stakeholder committees would also be supported by Basin and Bay Expert Science Teams (BBESTs). The TCEQ, the Texas Water Development Board (TWDB), and the Texas Parks and Wildlife Department (TPWD) would be responsible for coordinating with the advisory group and stakeholder committees, 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 SAC and the BBEST for meeting expenses. It would also allow the

TWDB to pay contract costs for technical assistance to SAC and BBESTs and costs incurred by political subdivisions designated as representatives of the stakeholder committees.

The bill would take effect September 1, 2007.

Methodology

To provide technical support to the committees and stakeholder groups established in this bill, 5.0 additional FTEs including a hydrologist, three aqua scientists, and a natural resource specialist and related costs are expected to be needed by the TCEQ totaling \$365,582 a fiscal year. In addition, the TCEQ would have contract service costs of \$250,000 per year to upgrade and maintain water availability models. The agency anticipates General Revenue funding will be necessary to implement the provisions in the bill because projected balances in the GR-Dedicated Water Resource Management Account No. 153 would not be adequate.

The TWDB also expects to need additional staff and related costs to provide data and expertise to the committees and stakeholder groups established in this bill, as well as funding for costs incurred by the SAC and BBEST as well as administrative costs for designated political subdivisions and studies relating to bays and estuaries. The agency anticipates needing 3.1 FTEs in fiscal year 2008, 4.1 FTEs in fiscal year 2009 and 5.25 FTEs in subsequent fiscal years. The annual costs for the TWDB range from \$737,610 to \$1,317,968 during the five year period. The agency anticipates General Revenue funding will be necessary to implement the provisions in the bill because projected balances in the Water Assistance Fund No. 480 would not be adequate.

The TPWD estimates it will need additional staff (3 FTEs) and travel, operating and equipment costs to provide technical assistance to the BBESTs. The agency anticipates funding to be provided by the General Revenue-Dedicated Game, Fish and Water Safety Account No. 9.

This fiscal note assumes that existing studies and information will be used by SAC and the BBEST. Funds are not included to do additional studies through grant funds.

Technology

The estimated fiscal impact for technology for TCEQ is \$100,000. This cost includes five computers with Geographic Information System (GIS) capabilities

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, 802 Parks and Wildlife Department

LBB Staff: JOB, WK, ZS, JF