

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

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**March 19, 2007**

**TO:** Honorable Joe Driver, Chair, House Committee on Law Enforcement

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

**IN RE: HB563** by Noriega, Rick (Relating to municipal and county eligibility for federal grants related to commercial motor vehicle safety.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB563, As Introduced: an impact of \$0 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	\$0
2009	\$0
2010	\$0
2011	\$0
2012	\$0

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

Fiscal Year	Probable Revenue Gain/(Loss) from <i>FEDERAL FUNDS</i> 555
2008	(\$3,188,000)
2009	(\$3,188,000)
2010	(\$3,188,000)
2011	(\$3,188,000)
2012	(\$3,188,000)

**Fiscal Analysis**

The bill would amend the Transportation Code relating to municipal and county eligibility for federal grants related to commercial motor vehicle safety.

The bill would amend Transportation Code, Section 644.102(b) that states that municipalities or counties that engage in enforcement under this chapter may be considered a party to a federal grant agreement or a grantee under the federal grant to the department. The bill would take effect immediately if two-thirds of the House of Representatives and Senate members vote to enact the legislation. If it does not receive the vote necessary for immediate impact, the bill would take effect on September 1, 2007.

**Methodology**

The bill would delete the language that currently prohibits a municipality or a county from being a party or a sub-grantee under a federal grant to the Department of Public Safety (DPS) to enforce commercial motor

vehicle safety standards. The bill would allow both municipalities and counties, currently certified by the DPS to enforce the commercial motor vehicle safety standards, to become sub-grantees to the Department's annual Motor Carrier Safety Assistance Program (MCSAP) federal grant. DPS states that the bill would create a loss in current funding provided to DPS and would also dramatically increase the Department's Maintenance of Effort (MOE) funding that is required to receive MCSAP grants. DPS states that the amount of funding loss would be dependent on the number of eligible agencies that petition the DPS to be a sub-grantee to the MCSAP grant.

DPS states they currently receive \$7.2 million to enforce commercial safety standards and \$22 million for border safety planning from the federal MCSAP program. DPS states that currently 29 agencies, 27 municipalities and 2 counties could request federal grant funding based on the proposed bill changes. If these entities elected to be considered sub-grantees, DPS estimates a decrease in supplementing funds to Texas. DPS estimates if each agency elected to be considered for 1% of the \$7.2 million received for commercial safety standards, DPS would lose \$2,088,000 annually ( $\$7,200,000 \times 1\% \times 29$ ) in supplemental funds. In addition, DPS estimates if 5 agencies elected to be considered for 1% of the \$22 million received for border safety planning, DPS would lose \$1,100,000 annually ( $\$22,000,000 \times 1\% \times 5$ ) in supplemental funds totaling \$3,188,000 in lost funding per year for both federal grants.

DPS states there is one other area where the agency may lose additional funding with the proposed bill changes. In 2005, the United States Congress established new guidelines for the way states calculate maintenance of effort (MOE) in their MCSAP grants. The law requires the MOE to be calculated over a sliding three-year period. By allowing municipalities and counties to receive part of the MCSAP grant funds, the federal government includes them as "participating agencies" for DPS' MOE calculation. Currently there are 171 certified officers from the various municipalities and counties.

The possibility of the DPS' MOE increasing could cause long term state effects. Once an MOE is established by a municipality or county, it remains for the sliding three-year period. Once the MOE is established by a municipality or county, and potentially these agencies decide to downsize, DPS' and the state would still be required to fund and maintain the MOE for the entire sliding three-year period. The estimate on the amount the state could have to fund depends on the entities interested in participating and not funding their MOE which is not available at this time.

## **Technology**

This analysis includes technology costs estimated for computers, printers, and enterprise software agreements totaling \$5,462 in 2008. Fiscal years 2009 through 2012 has a technology impact of \$298 per year for continued enterprise software agreements.

## **Local Government Impact**

There could be a gain to counties and municipalities that choose to request funding directly from the federal government. According to DPS, there are 27 municipalities and two counties that would be eligible to request federal grant funding. If these entities were successful applicants for these federal grants, they would be collectively eligible for up to \$2,088,000 annually ( $\$7,200,000 \times 1\text{ percent} \times 29$ ).

Five municipalities also would be eligible to request border funding. If these entities were successful applicants for 1 percent of the \$22 million received by the Department under the Border Enforcement Plan, they would be collectively eligible for up to \$1,100,000 annually ( $\$22,000,000 \times 1\text{ percent} \times 5$ ).

**Source Agencies:** 405 Department of Public Safety, 601 Department of Transportation

**LBB Staff:** JOB, ES, GG, KJG, LG