

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 17, 2007

TO: Honorable Tracy King, Chair, House Committee on Border & International Affairs

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

IN RE: SJR20 by Lucio (Proposing a constitutional amendment providing for the issuance of additional general obligation bonds by the Texas Water Development Board to provide assistance to economically distressed areas.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for SJR20, As Engrossed: a negative impact of (\$5,893,861) through the biennium ending August 31, 2009.

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
2008	(\$974,540)
2009	(\$4,919,321)
2010	(\$7,064,901)
2011	(\$9,510,910)
2012	(\$11,589,689)

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 2007
2008	(\$974,540)	2.0
2009	(\$4,919,321)	17.0
2010	(\$7,064,901)	18.0
2011	(\$9,510,910)	22.5
2012	(\$11,589,689)	22.5

Fiscal Analysis

The bill provides for a constitutional amendment, to be submitted to the voters on November 6, 2007, that would authorize the Texas Water Development Board (TWDB) to issue \$250 million in additional general obligations bonds for the benefit of the economically distressed areas program account of the Texas Water Development Fund II. The joint resolution would amend Article III of the Texas Constitution by adding Section 49-d-10.

Methodology

This estimate assumes that if the constitutional amendment would pass, \$25 million in EDAP general obligation bonds would be issued each fiscal year from 2007 through 2012. Debt service on these

bonds would cost \$687,500 in fiscal year 2008 and \$3,350,417 in fiscal year 2009. Debt service costs would continue to rise in subsequent years up to \$9,625,392 in fiscal year 2012. All debt service costs would be paid out of the General Revenue Fund.

Because of the increase in activity in the EDAP program, the Water Development Board would require additional FTEs for the program. The agency anticipates needing a total of 22.5 additional FTEs (2 additional FTEs in fiscal year 2008, 15 additional FTEs in fiscal year 2009, 1 additional FTE in fiscal year 2010 and 4.5 additional FTEs in fiscal year 2011). The total cost for these FTEs is \$147,761 in fiscal year 2008, \$1,073,068 in fiscal year 2009, \$1,129,815 in fiscal year 2010, \$1,376,536 in fiscal year 2011 and \$1,383,036 in fiscal year 2012. All staffing and related operating and equipment costs would be paid out of the General Revenue Fund.

The cost to the state for publication of the resolution is \$77,468. This cost of publication is shown as a cost to General Revenue in fiscal year 2008.

Local Government Impact

Local governments throughout the state would be the beneficiaries of the additional program funds for EDAP water-related projects upon voter acceptance of the amendment. There could be some costs to local governments along with the necessity for them to demonstrate sufficient managerial, financial, and technical capacity to operate the system for which the entity would be applying to the TWDB for funding. Any cost would be more than offset by assistance received from the EDAP.

Source Agencies: 580 Water Development Board

LBB Staff: JOB, CL, ZS, JF