

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 18, 2009

TO: Honorable Royce West, Chair, Senate Committee on Intergovernmental Relations

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

IN RE: HB2536 by Creighton (Relating to the floodplain management account.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2536, As Engrossed: a positive impact of \$175,674 through the biennium ending August 31, 2011.

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
2010	\$87,837
2011	\$87,837
2012	\$87,837
2013	\$87,837
2014	\$87,837

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/ (Cost) from <i>General Revenue Fund</i> 1	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1	Probable Revenue Gain/(Loss) from <i>Floodplain Management Fund</i>	Probable Savings/ (Cost) from <i>Floodplain Management Fund</i>
2010	\$3,137,837	(\$3,050,000)	\$3,050,000	(\$3,050,000)
2011	\$3,137,837	(\$3,050,000)	\$3,050,000	(\$3,050,000)
2012	\$3,137,837	(\$3,050,000)	\$3,050,000	(\$3,050,000)
2013	\$3,137,837	(\$3,050,000)	\$3,050,000	(\$3,050,000)
2014	\$3,137,837	(\$3,050,000)	\$3,050,000	(\$3,050,000)

Fiscal Analysis

The bill would amend the Water Code to change the Floodplain Management Account to the Floodplain Management Fund and would allow the Water Development Board (TWDB) to utilize interest earnings of the Fund.

The Floodplain Management Fund would provide a dedicated revenue source for TWDB to aid, advise, and coordinate the efforts of political subdivisions endeavoring to qualify for participation in the National Flood Insurance Program. The Fund would reallocate the first \$3.05 million of maintenance taxes collected under Chapter 252 of the Insurance Code collected by the Comptroller from the General Revenue Fund to the Floodplain Management Fund for this purpose.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

The bill would take effect immediately if it receives a vote of two-thirds of all members elected to each house; otherwise it would take effect September 1, 2009.

Methodology

The bill would transfer \$3,050,000 per year from the General Revenue Fund to the Floodplain Management Fund due to the maintenance taxes, which were previously deposited to the General Revenue Fund, now being deposited to the new Floodplain Management Fund. In the 2008-09 biennium, TWDB was appropriated \$5,755,123 from General Revenue to perform community assistance pursuant to the National Flood Insurance Program. It is assumed that should this bill become law there would be a decrease in General Revenue appropriations to TWDB for this program of \$2,877,562 in each fiscal year to correspond with an increase in appropriations from the Floodplain Management Fund. In addition to this decrease in appropriations from the General Revenue Fund, there would be a decrease in benefits paid from the General Revenue Fund related to the FTEs for this program. In fiscal year 2009, there were 18.0 FTEs in this program with annual salary costs totaling \$911,007. With the anticipated employee benefits percentage in fiscal years 2010 and 2011 of 28.57 percent, there would be a corresponding savings to General Revenue of \$260,275 because these benefits would now be paid from the Floodplain Management Fund, instead of the General Revenue Fund.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 454 Department of Insurance, 580 Water Development Board

LBB Staff: JOB, DB, SD, ZS, AH