

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

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**April 8, 2009**

**TO:** Honorable Jim Keffer, Chair, House Committee on Energy Resources

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

**IN RE: HB3149** by Anchia (Relating to the adoption and financing of energy efficiency, conservation, and indoor air quality standards for the design, construction, and renovation of public school instructional facilities.), **As Introduced**

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| <b>Estimated Two-year Net Impact to General Revenue Related Funds</b> for HB3149, As Introduced: a negative impact of (\$1,274,376,062) through the biennium ending August 31, 2011. |
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**General Revenue-Related Funds, Five-Year Impact:**

| <b>Fiscal Year</b> | <b>Probable Net Positive/(Negative)<br/>Impact to General Revenue Related<br/>Funds</b> |
|--------------------|---|
| 2010               | (\$632,951,150)   |
| 2011               | (\$641,424,912)   |
| 2012               | (\$646,351,185)   |
| 2013               | (\$614,903,619)   |
| 2014               | (\$590,458,791)   |

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

| <b>Fiscal Year</b> | <b>Probable Savings/(Cost) from<br/>Foundation School Fund<br/>193</b> |
|--------------------|--|
| 2010               | (\$632,951,150)  |
| 2011               | (\$641,424,912)  |
| 2012               | (\$646,351,185)  |
| 2013               | (\$614,903,619)  |
| 2014               | (\$590,458,791)  |

**Fiscal Analysis**

The bill relates to the adoption of energy efficiency, conservation, and indoor air quality standards and to the guaranteed yield for state facilities assistance programs.

The bill would require the State Energy Conservation Office to adopt energy efficiency and conservation standards for the design, construction, and major renovation of instructional facilities aimed at achieving long-term savings in energy and water costs, and update the standards every three years.

The bill would require a school district that constructed a new instructional facility or conducted a major renovation of an existing instructional facility to ensure that the facility met the standards adopted by the energy office.

The bill would increase the guaranteed yield for the instructional facilities allotment (IFA) program

and the existing debt allotment (EDA) program from \$35 to \$50 per penny of tax effort per student in average daily attendance (ADA).

The bill would become effective September 1, 2009, or immediately on approval by the appropriate voting majorities.

### **Methodology**

The Texas Education Agency's (TEA's) Foundation School Program (FSP) Payment System software would need to be modified. However, the agency expects this change could be accomplished within existing resources. The office of the Comptroller of Public Accounts anticipates no significant administrative costs related to the provisions of the bill.

The bill would have significant implications for the FSP itself. The current guaranteed yield for both of the state's facilities assistance programs is \$35 per penny per ADA. The bill would increase these yields to \$50 per penny per ADA. Considering only district bonds that are currently eligible to receive IFA and EDA funding, the additional costs to the state are estimated to be approximately \$633.0 million in FY2010 and approximately \$641.4 million in FY2011. Costs are expected to decrease slightly in the out years, as higher projections of local property values increase the local share and decrease the state share of facilities programs' guaranteed yields.

### **Technology**

The FSP Payment System would require modification. TEA expects this modification could be accomplished with existing resources.

### **Local Government Impact**

TEA estimates that school districts could experience 5 to 10 percent increases in their initial building costs to comply with the new energy efficiency standards. Increased funds for IFA and EDA potentially could be used to offset some or all of these expenses. However, the standards are anticipated to result in long-term savings in utility costs for those facilities. The amount of future savings cannot be estimated since it would depend on the number and type of facilities involved, the standards to be determined, and the rate of savings as a result of these standards.

**Source Agencies:** 304 Comptroller of Public Accounts, 701 Central Education Agency

**LBB Staff:** JOB, JGM, SD