

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 15, 2009

TO: Honorable Yvonne Davis, Chair, House Committee on Urban Affairs

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

IN RE: HB3536 by Davis, Yvonne (Relating to requiring the Texas Department of Housing and Community Affairs to determine certain demographic information regarding the occupancy of multiunit residential properties; requiring applicants for certain tax credits to provide certain demographic information.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3536, As Introduced: a negative impact of (\$733,424) 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	(\$469,712)
2011	(\$263,712)
2012	(\$103,428)
2013	(\$104,928)
2014	(\$103,428)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1	Change in Number of State Employees from FY 2009
2010	(\$469,712)	4.0
2011	(\$263,712)	4.0
2012	(\$103,428)	1.0
2013	(\$104,928)	1.0
2014	(\$103,428)	1.0

Fiscal Analysis

The bill would amend the Government Code relating to requiring the Texas Department of Housing and Community Affairs (TDHCA) to determine certain demographic information regarding the occupancy of multiunit residential properties; requiring applicants for certain tax credits to provide certain demographic information.

The bill would take effect immediately upon receiving a two-thirds majority vote in each house. If the bill does not receive a two-thirds vote in each house, the bill would take effect September 1, 2009.

Methodology

Under the provisions of the bill, it is assumed that TDHCA would have to do the following: identify every multiunit structure in the state and create a reporting system to gather and store the required information, or garner the compliance of owners of every multiunit structure to provide TDHCA with the required information.

Based on information provided by TDHCA, it is assumed that initial implementation of the bill would require an additional 4 FTEs. Additional staff would have a salary of \$40,000 each. The 4 employees would research online appraisal district websites to identify every multiunit structure in the state. For areas of the state that do not have this information online, the identification of the total number of multiunit structures would be made through a combination of open records requests to the taxing entity and/or site visits to the area. It is estimate that the 4 FTEs would initially have to travel to identify all multiunit structures in rural areas. In total, TDHCA estimated four trips per FTE per year.

According to TDHCA, a new electronic reporting system would be needed for the purposes of the bill. It is anticipated that the identification of each multiunit structure could be completed within 12 to 18 months. After that time, only 1 full time employee would be needed to send notices of noncompliance to owners who do not submit the required information, research new multiunit structures constructed for occupancy, maintain the electronic reporting system, and compile the report to submit to the US Census Bureau.

Personnel costs for fiscal years 2010-2011 = 4 Research Specialists @ \$40,000 per year for a total of \$160,000 per year. Benefits would total \$45,712 per year. Personnel costs for fiscal years 2012-2014 = 1 Research Specialist @ \$40,000 per year. Benefits would total \$11,428 per year. Travel costs for the additional staff = 4 FTEs x 4 trips x \$250 x 2 years = \$8,000 in fiscal years 2010-2011. Travel costs in fiscal years 2012-2014 = 1 FTE x 4 trips x \$250 x 3 years = \$3,000. Equipment costs for computers and software are estimated at \$6,000. Other operating costs for office supplies = 4 FTEs x \$1,000 in supplies x 2 years = \$8,000 in fiscal years 2010-2011, and 1 FTE x \$1000 in supplies x 3 years = \$3,000 for fiscal years 2012-2014.

Technology

TDHCA states that a new electronic reporting system would need to be created and purchased from a vendor rather than create a system in house. Based on a quote received from a current vendor, TDHCA estimates that such a system would cost \$250,000 initially. In addition, \$50,000 would be required for the vendor to maintain and host the electronic reporting system.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 332 Department of Housing and Community Affairs

LBB Staff: JOB, DB, MW, NV