

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 30, 2009

TO: Honorable Dennis Bonnen, Chair, House Committee on Land & Resource Management

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

IN RE: HB3552 by Bonnen (Relating to the composition of certain regional planning commissions.),
As Introduced

No fiscal implication to the State is anticipated.

The bill would amend the Local Government Code to limit which counties and municipalities in certain locations and of population sizes may establish a regional planning commission.

Local Government Impact

The Texas Association of Counties (TAC) provided information regarding the potential fiscal impact of the bill to the counties that would be affected. According to TAC, the bill would alter the makeup of regional planning commissions along the Gulf Coast. TAC reports that at a minimum it would break the Houston-Galveston Area Council (HGAC) into at least two separate Councils of Government (COGs). As a result, the expectation is that there would be some duplication of services and staffing among the resulting COGs, as well as a lack of savings due to the decrease in scale. Due to the complexity of the issue, TAC reports it is not possible to determine the exact amount of that added cost. However, TAC assumes the additional costs to counties would not reach more than 25 percent of the current HGAC budget, particularly because some of the cost would be borne by other local governments.

Based on TAC's assumption of up to 25 percent in additional costs, the association estimates that the fiscal impact to counties would be in the range of \$2.7 million to \$68.7 million annually, which is a range from 1 percent to 25 percent of HGAC's expenditures of almost \$275 million for the fiscal year ending December 31, 2007 (see *FY 2007 HGAC Comprehensive Annual Financial Report*).

TAC added that it should be noted that HGAC could easily break up into more than two COGs based on the provisions of the bill. The association reports that each additional COG would reduce the economies of scale currently achieved by HGAC and thereby increase the costs to counties and other local governments beyond the amounts presented in the previous paragraph.

Source Agencies:

LBB Staff: JOB, WK, DB