

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

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

**May 23, 2009**

**TO:** Honorable Kip Averitt, Chair, Senate Committee on Natural Resources

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

**IN RE: HB4299** by Rose (Relating to rainwater harvesting and other water conservation initiatives.),  
**Committee Report 2nd House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB4299, Committee Report 2nd House, Substituted: a negative impact of (\$1,000,000) 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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2010	(\$500,000)
2011	(\$500,000)
2012	\$0
2013	\$0
2014	\$0

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

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from General Revenue Fund 1</b>
2010	(\$500,000)
2011	(\$500,000)
2012	\$0
2013	\$0
2014	\$0

**Fiscal Analysis**

The bill would require new state buildings with roof areas of 10,000 square feet or more in areas of the state that receive at least 28 inches of rain per year to incorporate rainwater harvesting systems in their design, or provide evidence that existing buildings can provide equivalent amounts of rainwater, and it would require that at least 25 percent of the building's roof be used for rainwater collection. The bill would also encourage municipalities and counties to provide incentives to promote rainwater harvesting. The bill would require the Texas Water Development Board (TWDB) to ensure that training on rainwater harvesting is available for permitting staff of municipalities and counties at least quarterly. In areas located wholly or partly in a priority groundwater management area and those counties and municipalities with populations of 100,000 or more, the bill would require staff to receive the training at least once every five years. The bill would allow for the training to be provided via videotape or other media. The bill would also require the TWDB to provide to the

lieutenant governor, and speaker of the house, by December 1, 2010, a report describing rainwater harvesting demonstration projects for which TWDB has provided grants for rainwater harvesting, if the agency would receive an appropriation from the Legislature for such projects.

The bill would require a retail public utility to perform a water loss audit annually and file it with TWDB if the utility is receiving any financial assistance from TWDB.

The bill would take effect September 1, 2009.

## **Methodology**

It is estimated that any administrative costs associated with implementing the bill could be absorbed using existing state agency resources.

Regarding the requirement that state buildings with roof areas exceeding 10,000 square feet or more to employ rainwater harvesting over at least 25 percent of the roof area, the cost would depend upon the size of a building and each building's unique design features. The General Land Office and Veterans' Land Board reports that the bill would result in increased construction costs of \$135,000 for an average new Veterans' Home with a roof area of 80,000 square feet. Because the total cost of such a building is reportedly \$12.5 million and because of cost volatility in construction costs, and because a portion of the additional costs could be recouped through lower water bills, this estimate assumes that the additional cost would not be significant to total cost of a new state building.

Regarding the rainwater harvesting demonstration matching grants program referenced in the bill, this estimate assumes that the Legislature would appropriate \$500,000 in each fiscal year out of the General Revenue Fund for the 2010-11 biennium. Based on information received by the TWDB, this could support two demonstration projects per year ranging in size from 30,000 to 175,000 gallons of storage. If the Legislature would not provide an appropriation for this purpose, then the bill would not result in significant fiscal impact to the state.

## **Local Government Impact**

The bill would encourage municipalities and counties to provide rebate incentives or discounts for rain barrels or water storage tanks to promote rainwater harvesting at residential, commercial, and industrial facilities. Members of a local permitting staff in an area designated by the Texas Commission on Environmental Quality with a population of more than 100,000 would be required to attend a training seminar provided by TWDB at least once every five years. However, since the training would likely be available via videotape, the fiscal impact to local entities to implement these provisions of the bill is not anticipated to be significant.

Some local governments could be awarded grants from the TWDB, if the demonstration matching grants receive funding by the Legislature.

The bill would require each retail public utility providing potable water to perform a system water loss audit every five years, except during the term of any loan or grant agreement with TWDB, the utility must perform the audit annually. According to TWDB, the costs to a retail public utility for staff time to complete an annual water loss audit range from less than \$1,000 to \$20,000 depending on the size of the utility and their records system.

**Source Agencies:** 580 Water Development Board, 303 Facilities Commission, 304 Comptroller of Public Accounts, 305 General Land Office and Veterans' Land Board, 582 Commission on Environmental Quality

**LBB Staff:** JOB, SZ, AH, SD, ZS, TL, TP