

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

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

**Revision 1**

**May 22, 2009**

**TO:** Honorable John Carona, Chair, Senate Committee on Transportation & Homeland Security

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

**IN RE: HB4409** by Taylor (Relating to emergency preparation and management.), **Committee Report 2nd House, Substituted**

**Due to the unknown nature of any future disaster, the bill could have an indeterminate fiscal impact to the state.**

The bill would not make an appropriation, but would establish the basis for an appropriation.

The negative fiscal impact to the General Revenue Fund would depend on the timing, magnitude, location, and number of natural disasters that might occur, which cannot be determined. For the purpose of this analysis, Hurricane Ike, the state's most recent weather-related disaster, was used as a source of comparison.

The bill would amend Chapter 418 of the Government Code by adding section 418.126, which directs the General Land Office (GLO), the Texas Department of Transportation (TxDOT), and the Texas Department of Housing and Community Affairs (TDHCA) to solicit and enter into pre-event contracts for weather-related disaster response activities after a disaster. GLO shall solicit and contract for debris removal from beaches, TxDOT shall solicit and contract for debris removal from the state highway system, and TDHCA shall solicit and contract to provide temporary or emergency shelter or housing. The bill further directs that funds from the Disaster Contingency Fund (0453) may be used to pay for these contract services. The Department of Emergency Management reports that the bill would expand the scope of activities that can be paid for with the Disaster Contingency Fund and therefore could potentially increase the number of requests for funding from the fund. Currently, the Comptroller reports that the Disaster Contingency Fund has no available balance and no existing funding mechanism that would appropriate funds to the account in the future.

The fiscal impact of Hurricane Ike to state agencies is an estimated \$2.0 billion. Of that amount, GLO and TxDOT report that debris removal costs for their agencies totaled an estimated \$39.0 and \$18.4 million respectively. Some of these costs could potentially be offset by federal assistance from the Federal Emergency Management Agency (FEMA). While debris removal for Hurricane Ike is currently being reimbursed at 100 percent, the federal Stafford Act sets federal assistance for this type of work at 75 percent for a presidentially-declared disaster. Similar assistance would not be available for a state disaster that is not presidentially-declared or for costs associated with debris removal from private property.

According to the analysis provided by TDHCA, the agency estimates that following Hurricane Ike, approximately 35,000 individuals sought emergency shelter solutions. TDHCA estimates that in the event of a similar disaster, the agency's costs to provide temporary shelter and housing to an estimated 5,000 households could be as much as \$441 million for fiscal years 2010-2014. The majority of those costs, an estimated \$315 million, would be one-time expenditures in the first year associated with purchasing and furnishing 5,000 manufactured homes. The remaining costs would be for delivery and set up, utilities, removal costs, and associated FTE costs. If all or part of the housing solutions were contracted out, TDHCA's costs could be significantly lower due to not having to purchase temporary housing units.

Additionally, the bill would amend the Government Code to require state and local governmental entities, when constructing or renovating a critical governmental facility (CGF) or replacing major heating, ventilation, and air-conditioning equipment for a CGF, to evaluate whether equipping the CGF with a combined heating and power system would result in expected energy savings that would exceed the expected costs of purchasing, operating, and maintaining the system over a 20-year period. The entity may equip the facility with a combined heating and power system if the expected energy savings would exceed the expected costs. It is assumed the requirements of the bill would have a minimal cost to perform the evaluation, and that this cost would be absorbed by the agency as part of the cost of a planned CGF construction or renovation project. If it is determined that it would be cost effective to utilize a combined heating and power system, then there would be initial costs that would be offset by future savings.

### **Local Government Impact**

The costs to local governmental entities to obtain an evaluation of a CGF's system could be significant depending on the number of critical governmental facilities that require an evaluation. One local entity reported the cost for a consultant to perform the evaluation of a system is an estimated \$10,000 per facility.

**Source Agencies:** 301 Office of the Governor, 303 Facilities Commission, 305 General Land Office and Veterans' Land Board, 332 Department of Housing and Community Affairs, 401 Adjutant General's Department, 405 Department of Public Safety, 529 Health and Human Services Commission, 601 Department of Transportation, 694 Youth Commission, 696 Department of Criminal Justice, 771 School for the Blind and Visually Impaired, 772 School for the Deaf

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