

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 30, 2009

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

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

IN RE: SB725 by Estes (Relating to the sunset review of certain river authorities.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB725, Committee Report 1st House, Substituted: an impact of \$0 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, Six-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	\$0
2011	\$0
2012	\$0
2013	\$0
2014	\$0
2015	\$0

All Funds, Six-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>Other Funds</i>	Probable Revenue Gain/(Loss) from <i>Appropriated Receipts</i> 666
2010	(\$198,569)	\$198,569
2011	(\$196,569)	\$196,569
2012	(\$198,560)	\$198,560
2013	(\$196,569)	\$196,569
2014	(\$200,169)	\$200,169
2015	(\$197,369)	\$197,369

Fiscal Analysis

The bill would subject six river and water authorities to Sunset Commission review and abolishment. The reviews would be conducted according to a schedule laid out in the bill. Each authority would be reviewed by the Commission every 12 years. The bill would take effect immediately if it receives the required two-thirds vote in each house; otherwise, it would take effect September 1, 2009.

Methodology

The requirement for the Sunset Commission to review six river and water authorities would result in costs to the Commission of between \$196,569 and \$200,169 per fiscal year. These costs are related to three additional staff for each biennium, and other costs related to conducting the reviews and issuing recommendations such as travel and report production expenses. These costs would be paid for by the authorities under review.

The Sunset Commission would also incur production costs to print and distribute reports containing the recommendations on each authority under review.

Staff, travel, and production costs are estimated based on historical costs related to similar-sized reviews.

Local Government Impact

The costs to the river authorities for reimbursing the Sunset Advisory Commission is equivalent to the revenue gain to the state shown in the above tables.

In addition to the cost of reimbursing the Sunset Advisory Commission for its expenses in conducting the review, the affected authorities report that they would incur costs related to their staff time and materials to provide the commission with what is necessary to conduct the review.

Assuming staff time and materials similar to that used for a financial or management audit, the Lower Neches Valley Authority anticipates costs of \$6,100 above the costs of the review.

The Lower Colorado River Authority did not report on estimated costs of staff time and materials, but assumed a potential loss in bond ratings as a result of the possibility an authority would be abolished.

While the Brazos River Authority did not provide a dollar estimate, the authority anticipates the costs of pulling staff from regular responsibilities would be costly.

Source Agencies: 116 Sunset Advisory Commission, 582 Commission on Environmental Quality

LBB Staff: JOB, SZ, JB, MS, DB, SD