

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 1, 2009

TO: Honorable Royce West, Chair, Senate Committee on Intergovernmental Relations

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

IN RE: SB1861 by Ellis (Relating to certain programs and pilot programs administered by the Texas Department of Housing and Community Affairs.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1861, Committee Report 1st House, Substituted: a negative impact of (\$4,000,000) 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:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	(\$2,000,000)
2011	(\$2,000,000)
2012	(\$2,000,000)
2013	(\$1,000,000)
2014	(\$1,000,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1
2010	(\$2,000,000)
2011	(\$2,000,000)
2012	(\$2,000,000)
2013	(\$1,000,000)
2014	(\$1,000,000)

Fiscal Analysis

The bill would amend the Government Code relating to certain programs and pilot programs administered by the Texas Department of Housing and Community Affairs (TDHCA). The bill would direct TDHCA to establish a program that provides financial assistance for residential weatherization-related measures that do not qualify for Federal Funds under the Weatherization Assistance Program.

The bill would also allow TDHCA to establish a pilot program to study the effectiveness of weatherization measures in increasing residential energy efficiency for individuals and families of low income. The bill states that TDHCA may fund existing pilot programs or create new pilot programs as appropriate using federal supplemental appropriations under the American Recovery and Reinvestment Act of 2009.

This bill would take effect September 1, 2009.

Methodology

To develop this estimate, TDHCA surveyed eight WAP sub-recipients to determine the level of existing need for supplemental assistance as described in the bill. Based on this survey, the following assumptions were made: 5 percent of homes served through WAP would receive supplemental assistance; since the most common reason a house cannot be served is that the roof needs to be replaced, repairs funded would primarily be related to roof repair; roof repairs are typically about \$5,000 per household. Based on these assumptions, TDHCA would limit supplemental assistance to \$2,000 per home for fiscal years 2010-2012 and increase this to \$5,000 per year from fiscal year 2013 forward.

Grant costs were therefore estimated as follows: Annual households served through federal Weatherization Assistance Program, fiscal years 2010-2012 calculated at 20,000 households per year X 5% = 1,000 homes X \$2,000 per home = \$2 million per year. For fiscal years 2013-2014, calculated at 4,000 household per year X 5% = 200 homes X \$5,000 per home = \$1 million per year.

TDHCA also assumed that the program would be implemented using an existing online contract reporting system and that additional state administration would be minimal.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 332 Department of Housing and Community Affairs, 712 Texas Engineering Experiment Station

LBB Staff: JOB, DB, MW, NV, TP