

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

March 10, 2013

TO: Honorable Jim Pitts, Chair, House Committee On Appropriations

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB1317** by Creighton (Relating to directing certain surplus revenue to water infrastructure funding.), **As Introduced**

No fiscal implication to the State is anticipated.

The conditions under which the transfer provisions described by the bill would take effect are not expected to be met in the 2014-15 biennium. Depending on what future actions are taken with respect to the Economic Stabilization Fund, the conditions may be met at some time before 2018.

The bill would amend the Government Code to direct the Comptroller of Public Accounts to transfer certain surplus revenue from the Economic Stabilization Fund (ESF) to a newly created State Water Implementation Fund for Texas (SWIFT). This provision of the bill would take effect only if the SWIFT is created by legislation enacted by the Eighty-third Legislature.

The bill would provide that if the Comptroller reduces the required transfers to the ESF to prevent the ESF fund balance from exceeding its limit (as required by Section 49-g of Article III of the Texas Constitution), the Comptroller would be directed to transfer an amount equal to that reduction to the SWIFT.

The bill would amend the Water Code regarding public funding for water development, to create a new surplus account within the Texas Water Development Fund II to receive money that would otherwise be transferred to the ESF. Under bill provisions, if the Comptroller reduces the required transfers to the ESF to prevent the fund balance from exceeding its limit (as required by Section 49-g of Article III of the Texas Constitution), the Comptroller would be directed to transfer an amount equal to that reduction to the new surplus account within Texas Water Development Fund II (DFund II) established under bill provisions. If Section 1 of this bill takes effect, Section 2 of the bill would have no effect.

The bill as written will not have a fiscal impact to the Water Development Board (WDB) other than to provide an additional source of money for financial assistance programs, however; there could be an impact to the WDB depending on the amount of money transferred from the ESF to either the SWIFT or DFund II. Based on similar financial assistance projects, the WDB assumes an average project size of \$25 million. The WDB anticipates additional appropriations for program administration would be required if project funding exceeds \$250 million per year.

The Comptroller reported the possible fiscal impacts of the bill were based on the Comptroller's 2014-15 Biennial Revenue Estimate. The Comptroller reports the balance in the Economic Stabilization Fund (ESF) is expected to total almost \$11.8 billion, after all transfers projected to be required during the biennium, at the end of 2014-15. The constitutional limit on the ESF balance, estimated to be \$14.4 billion during the same period, will not be reached. Therefore, the Comptroller reports the provisions of this bill in 2014-15 would not be operative. For the period 2016-18 the Comptroller reports the fiscal implications of the bill's provisions cannot be determined.

Except as otherwise provided by the bill, the bill would take effect January 1, 2014.

Local Government Impact

The bill as written not have an fiscal implication for local government; however, depending on the financial assistance programs funded by monies transferred from the ESF into the SWIFT or DFund II additional financial assistance would be available to local governments.

Source Agencies: 304 Comptroller of Public Accounts, 580 Water Development Board, 592 Soil and Water Conservation Board

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