

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

March 17, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1805 by Pitts (Relating to the fiscal transparency and accountability of certain entities responsible for public money.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1805, As Introduced: a negative impact of (\$1,322,504) through the biennium ending August 31, 2015.

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
2014	(\$813,227)
2015	(\$509,277)
2016	(\$509,277)
2017	(\$509,277)
2018	(\$509,277)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund	Change in Number of State Employees from FY 2013
	1	
2014	(\$813,227)	3.0
2015	(\$509,277)	3.0
2016	(\$509,277)	3.0
2017	(\$509,277)	3.0
2018	(\$509,277)	3.0

Fiscal Analysis

The bill would amend the Education Code, Chapter 46 by requiring school districts and charter schools to provide on their websites an inventory of facilities, including statistics on square footage and use. These entities would be required to provide information on renovations and constructions costs. The bill would require that the required information be updated at least

annually. The Texas Education Agency would be required to calculate the average cost per square foot for each region of the state and to contract for use or access to the information.

The bill would amend the Education Code, Chapter 51 to require each institution of higher education to post their most recent annual financial report and include a description of any debt issued by the university system for or on behalf of the institution during the fiscal year covered by the report.

The bill would amend the Government Code, Chapter 1202 by restricting the attorney general from approving a local security until the attorney general receives written notification from the Bond Review Board that the board has received the information on the terms and debt service for local securities or has agreed to a later date for the submission of the information.

The bill would amend the Government Code, Chapter 1231 to define the term local security as a public security other than a state security, revise the required debt statistics included in the Biennial Debt Statistics Report, and require the Bond Review Board to compile a Local Securities Annual Report that includes multiple local debt statistics such as debt outstanding. The bill would require the agency to publish the Biennial Debt Statistics Report online for all local securities for the preceding year.

Methodology

The estimated total cost to comply with the provisions of the bill would be \$813,227 in General Revenue in fiscal year 2014 and \$509,277 in General Revenue in subsequent fiscal years.

The Bond Review Board (BRB) estimates that it would need to review an additional 100 to 200 conduits and 4,250 transactions per fiscal year to comply with the bill. The agency would be required to submit information to the Office of the Attorney General (OAG) prior to OAG approval of local security transactions; to produce an annual Local Securities Report and online statistics report; and include tax-supported debt per capita statistics for more than 4,500 local government entities. The BRB indicates a need to hire 3.0 additional full-time equivalent positions (FTEs) - two Financial Analyst III and an Accountant I - to handle the increase in transactions reviewed and any backlog necessary to compile the reports in a timely manner. The BRB estimates the costs associated with these additional FTEs would be approximately \$234,881 in each fiscal year for salary, benefits and other operating costs. The agency estimates additional costs for IT services, software and the development of a geographical information system (GIS) to calculate debt per capita statistics to be \$338,950 in fiscal year 2014 and \$35,000 in subsequent years.

Under the provisions of the bill, the Texas Education Agency (TEA) may contract for average construction costs information use. The agency estimates cost of \$239,369 per fiscal year based on a per license fee of \$194 for a software product such as RSMeans Building Construction Cost Data Online for 1,234 school districts and open-enrollment charter schools. The agency anticipates that the state may be able to negotiate a consolidated license.

Multiple agencies including the Office of the Attorney General (OAG), the Comptroller of Public Accounts (CPA), and several institutions of higher education indicate that any costs associated with the bill could be absorbed within each agency's existing resources. The Texas Higher Education Coordinating Board (THECB) and the University of Texas System (UT) estimate that there would be a minimal cost associated with implementing the provisions of the bill.

Technology

Technology costs for BRB are estimated to be \$298,950 in the first year to obtain updated software licenses used to process debt issuance calculations and develop a geographical information system (GIS); in subsequent years the costs are estimated to be \$30,000 for maintenance. Technology costs for TEA are estimated to be \$239,396 per year for licensing construction software.

Local Government Impact

The bill would require each junior college district to report building construction costs to the Texas Higher Education Coordinating Board (THECB) to determine the average cost per square foot, adjusted for inflation for the region it is located and average cost per student. THECB in consultation with the districts shall determine the format and reporting frequency. Dallas County Community College District indicated initial costs to produce the report and post on its website, however, for this analysis it is assumed implementing the provisions of the bill could be absorbed within current resources.

The bill would require political subdivisions to report financial information on an Internet website. Texas Association of Counties reported that for larger counties this could be absorbed within existing resources, but noted that costs for this could be significant for subdivisions that don't currently maintain websites. Costs to establish a website are estimated between \$5,000 and \$65,000, with annual maintenance costs between \$500 and \$10,000, which may be significant for smaller subdivisions. For a subdivision that opts to host and maintain its own website, startup costs range from \$15,000 to \$30,000 with annual costs between \$40,000 and \$110,000.

The bill would also require a county assessor-collector to maintain an internet website. Costs to establish a website are estimated between \$5,000 and \$65,000, with annual maintenance costs between \$500 and \$10,000, which may be significant for smaller counties. For a county that opts to host and maintain its own website, startup costs range from \$15,000 to \$30,000 with annual costs between \$40,000 and \$110,000.

Source Agencies: 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 307 Secretary of State, 352 Bond Review Board, 701 Central Education Agency, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 758 Texas State University System, 768 Texas Tech University System Administration, 769 University of North Texas System Administration, 781 Higher Education Coordinating Board, 783 University of Houston System Administration

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