

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**April 1, 2013**

**TO:** Honorable Allan Ritter, Chair, House Committee on Natural Resources

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB2362** by Keffer (Relating to the audit and review of river authorities.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2362, As Introduced: a negative impact of (\$1,080,912) 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        | (\$528,000)  |
| 2015        | (\$552,912)  |
| 2016        | (\$552,912)  |
| 2017        | (\$552,912)  |
| 2018        | (\$552,912)  |

**All Funds, Five-Year Impact:**

| Fiscal Year | Probable Savings/(Cost) from General Revenue Fund<br>1 | Change in Number of State Employees from FY 2013 |
|-------------|--|--|
| 2014        | (\$528,000)  | 3.8  |
| 2015        | (\$552,912)  | 3.8  |
| 2016        | (\$552,912)  | 3.8  |
| 2017        | (\$552,912)  | 3.8  |
| 2018        | (\$552,912)  | 3.8  |

**Fiscal Analysis**

The bill would amend the Water Code and the Government Code to establish that a district that is a river authority would be subject to an economy and efficiency audit by the State Auditor’s Office (SAO), subject to approval by the Legislative Audit Committee, and an efficiency review by the Legislative Budget Board (LBB). The bill would require the SAO to seek recommendations from the LBB in preparing materials to be provided to a river authority at some time before the SAO

conducts an economy and efficiency audit of the authority. This would include written information about the scope and procedures of the audit as well as how representatives of the authority can participate in the audit planning process and how the authority may request information or assistance in preparing for an SAO audit.

The bill would authorize the LBB to periodically review and analyze the effectiveness and efficiency of the policies, management, fiscal affairs, and operations of a river authority. The bill would require the LBB to report the findings of a review and analysis to the Governor and the Legislature. The bill also provides confidentiality protections from disclosure until the LBB completes its review and analysis under the provisions of the bill.

The bill would take effect September 1, 2013.

## **Methodology**

This analysis assumes there are 16 river authorities based on information available on the Texas Water Development Board website. Based on information provided by the SAO, it is assumed that an economy and efficiency audit, subject to approval by the Legislative Audit Committee, would be conducted for one river authority each fiscal year. It is also assumed that 6,000 hours would be required to perform each audit; that all audits except for the first one in fiscal year 2014 would require travel costs; and that an additional 3.8 FTEs for Auditor positions would be necessary each fiscal year to implement the provisions of the bill. Costs reflected above include salaries, travel, benefits, and other operating expenses for the SAO each fiscal year from the General Revenue Fund.

This analysis assumes that all duties and responsibilities required of the LBB to implement the provisions of the bill could be accomplished within existing resources. In years in which effectiveness and efficiency reviews of river authorities are scheduled, fewer resources would be available to conduct effectiveness and efficiency reviews of other agencies and programs.

## **Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 308 State Auditor's Office

**LBB Staff:** UP, SZ, MW