

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

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

**February 11, 2013**

**TO:** Honorable Troy Fraser, Chair, Senate Committee on Natural Resources

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

**IN RE: SB4** by Fraser (Relating to the administration and functions of the Texas Water Development Board.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB4, As Introduced: a negative impact of (\$2,441,006) 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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2014	(\$1,266,368)
2015	(\$1,174,638)
2016	(\$1,174,638)
2017	(\$1,174,638)
2018	(\$1,174,638)

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

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from General Revenue Fund</b> <b>1</b>	<b>Change in Number of State Employees from FY 2013</b>
2014	(\$1,266,368)	9.0
2015	(\$1,174,638)	9.0
2016	(\$1,174,638)	9.0
2017	(\$1,174,638)	9.0
2018	(\$1,174,638)	9.0

## **Fiscal Analysis**

The bill would transform the composition of the Texas Water Development Board (TWDB) from six part-time members to three full-time members appointed by the Governor. This portion of the bill is anticipated to have a fiscal implication to the state, which is reflected as costs from General Revenue.

The bill would establish the State Water Implementation Fund for Texas (SWIFT) as a special fund outside the state treasury, to be administered by TWDB. The bill would authorize TWDB to direct the Comptroller to transfer amounts between the SWIFT and certain other funds, including: (1) the water infrastructure fund; (2) the rural water assistance fund; (3) the state participation account in the Texas Water Development Fund II, (4) the agricultural water conservation fund, and (5) the economically distressed areas program account in the Texas Water Development Fund II. The bill provides that during any single biennium, the TWDB must allocate 10 percent of the SWIFT funds provided for projects serving rural areas, with another 10 percent allocated to projects for water conservation or reuse.

Subsequent to transfers from the SWIFT, the TWDB could provide financial assistance for eligible projects. The SWIFT may consist of monies transferred or deposited to the credit of the fund by law, proceeds of any fee or tax dedicated to the SWIFT, other revenues dedicated by the legislature for deposit to the SWIFT, and interest earned on the balance of the fund.

The bill would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Depending on the ultimate disposition of funds to the SWIFT, there could be a need for additional program administration funding, depending on the amount credited to the fund. Payment of administrative expenses is not an allowable use of the SWIFT under the bill's current provisions. According to TWDB, additional appropriations for program administration would be required if project financing were to exceed \$250 million per year.

The bill would create the SWIFT Advisory Committee. The committee would be composed of three members appointed by the speaker of the House, three members appointed by the lieutenant governor, and three members appointed by the governor. The committee would be appointed as soon as practicable after the bill's effective date. The committee would submit recommendations to TWDB regarding the use of money in the fund, and TWDB would be required to adopt certain rules regarding the SWIFT no later than December 1, 2013. Committee duties under bill provisions are not anticipated to have any significant fiscal implication.

The bill would take effect September 1, 2013.

## **Methodology**

Costs shown in the tables above relate to transforming the TWDB from its current composition to three full-time members. This analysis assumes that the three new full-time board members would be paid \$150,000 per fiscal year, based upon commissioner compensation at the Texas Commission on Environmental Quality and the Public Utility Commission. In this analysis, each member would be supported by an executive assistant paid \$53,061 per fiscal year and a program specialist paid \$85,603 per year. Together, salaries (\$865,992), related employee benefits (\$257,546), and operating expenses (\$51,100) would cost \$1,174,638 each fiscal year. One-time

start up costs in fiscal year 2014 for office space construction build-out, furniture, and equipment for new personnel would cost an additional \$91,730.

The bill, in and of itself, would have no fiscal impact with regard to any funds deposited to the newly-crated fund outside the state treasury, but creates a vehicle for such appropriations.

### **Local Government Impact**

The bill would provide local entities with subsidized financing for projects eligible for TWDB funding.

**Source Agencies:** 302 Office of the Attorney General, 304 Comptroller of Public Accounts,  
580 Water Development Board

**LBB Staff:** UP, SZ, ZS, TB, SD