LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 23, 2013

TO: Honorable Juan Hinojosa, Chair, Senate Committee on Intergovernmental Relations

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **SB1690** by Lucio (Relating to the establishment of a down payment assistance program by the manufactured housing division of the Texas Department of Housing and Community Affairs for the purchase of manufactured homes by low income individuals and families in rural areas.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1690, As Introduced: an impact of $0 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	$0
2015	$0
2016	$0
2017	$0
2018	$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from *Manufactured Homeowner's Recovery Trust Fund*	Probable (Cost) from *Manufactured Homeowner's Recovery Trust Fund*	Probable Savings from *Appropriated Receipts* 666	Probable Revenue Gain/(Loss) from *Appropriated Receipts* 666
2014	$655,000	($655,000)	$300,000	($655,000)
2015	$680,451	($680,451)	$300,000	($655,000)
2016	$731,593	($731,593)	$300,000	($655,000)
2017	$792,962	($792,962)	$300,000	($655,000)
2018	$866,006	($866,006)	$300,000	($655,000)

Fiscal Year	Change in Number of State Employees from FY 2013

2014	2.0
2015	2.0
2016	2.0
2017	2.0
2018	2.0

Fiscal Analysis

The bill would amend the Occupations Code relating to the establishment of a down payment assistance program by the manufactured housing division of the Texas Department of Housing and Community Affairs (TDHCA). The bill would recreate the GR Account Manufactured Homeowner's Recovery Trust in the General Revenue Fund and would require that $10 of the fee for each purchase, exchange, or lease-purchase of a manufactured home would be deposited in this account to be used for consumer compensation claims and the Down Payment Assistance Program. The remaining proceeds from that fee would continue to be deposited to the General Revenue Fund. The bill would also require that any money in the new GR Account in excess of $3 million would be transferred to the General Revenue Fund.

The bill requires TDHCA to establish a program providing down payment assistance in the form of deferred forgivable second lien loans not to exceed $2,000 per person to eligible persons. The bill would require that loans must be forgiven at the rate of one-fifth of the outstanding balance of the loan for each year after the issuance of the loan that the person resides in the home. The bill also requires TDHCA to award down payment assistance under the program on a first-come, first-served basis. The bill would also authorize TDHCA to publish a notice that it is accepting applications for the program on its Internet website. The bill would require TDHCA to fund the program with fees deposited to the Manufactured Homeowner's Recovery Trust Fund, money appropriated to TDHCA for this purpose, or other sources. TDHCA shall adopt rules governing the implementation of the provisions of the bill.

This bill would take effect September 1, 2013.

Methodology

According to information provided by the Comptroller of Public Accounts, the 2014-15 Biennial Revenue Estimate for the applicable fee revenue, adjusted for a standard fee rate of $55 yields an estimated 65,500 purchases, exchanges, or lease-purchases of manufactured homes per year in fiscal 2014 through 2018. The bill would transfer $10 from each transaction, or $655,000 from Appropriated Receipts to the newly re-created GR Account-Manufactured Homeowner's Recovery Trust. Based on current information TDHCA estimates it would pay $300,000 for consumer claims each fiscal year. Furthermore, this analysis assumes the Manufactured Homeowner's Recovery Trust Fund would have a minimum fund balance of $100,000 each fiscal year.

TDHCA estimates needing $124,744 each fiscal year for two Program Specialists and other operating expenses associated with the new staff. The agency also estimates additional technology costs of $3,000 in fiscal years 2014 and 2017 to update the manufactured housing system.

This analysis assumes the fund would maintain a required balance of $100,000 and that consumer claims payments would total $300,000 each fiscal year based on historical payments provided by

TDHCA. This analysis assumes claim payments would be made from the fund instead of Appropriated Receipts under current law. It also assumes the fund would cover staffing and administrative costs of $127,744 in fiscal year 2014 and 2017 and $124,744 in all other fiscal years through 2018 to implement the provisions of the bill. Based on the estimated available revenue of $655,000 each fiscal year, it is assumed that $127,256 would be available for the loan program in 2014, that $255,707 would be available in 2015, and that this amount would grow each subsequent fiscal year due to loan repayments by approximately 20 percent through 2018. Based on information provided by TDHCA, this analysis assumes loans would be issued at $2,000 per person with 0 percent interest over a five year term.

Using a 0 percent interest rate and assuming collection of repayments at the beginning of the fiscal year, this analysis assumes loan repayments would total $0 in fiscal year 2014, $25,451 in fiscal year 2015, $76,593 in fiscal year 2016, $137,962 in fiscal year 2017 and $211,006 in fiscal year 2018 and would be available for the issuance of loans.

This legislation 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.

Technology

The agency estimates a one-time technology cost of $3,000 in fiscal year 2014 to update the manufactured housing system.

Local Government Impact

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

Source Agencies: 332 Department of Housing and Community Affairs, 304 Comptroller of Public Accounts

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