

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

March 17, 2015

TO: Honorable Jim Keffer, Chair, House Committee on Natural Resources

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1275 by Keffer (Relating to the audit of river authorities by the state auditor's office.),
As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB1275, As Introduced: an impact of \$0 through the biennium ending August 31, 2017.

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
2016	\$0
2017	\$0
2018	\$0
2019	\$0
2020	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>Appropriated Receipts</i> 666	Probable Revenue Gain from <i>Appropriated Receipts</i> 666	Change in Number of State Employees from FY 2015
2016	(\$1,635,264)	\$1,635,264	11.3
2017	(\$1,635,264)	\$1,635,264	11.3
2018	(\$1,635,264)	\$1,635,264	11.3
2019	(\$1,660,896)	\$1,660,896	11.3
2020	(\$1,660,896)	\$1,660,896	11.3

Fiscal Analysis

The bill would make river authorities subject to an economy and efficiency audit by the State Auditor's Office (SAO), subject to approval by the Legislative Audit Committee for inclusion in the audit plan. The bill would require SAO to conduct audits of 18 river authorities over the next four biennia, specifying dates by which SAO reports for individual river authorities would be due, and would require SAO to submit an audit report for each river authority every fifth year. In advance of an audit, SAO would be required to provide the governing body of the river authority certain written information, in consultation with the Legislative Budget Board.

The bill would take effect immediately if it receives a vote of two-thirds of all members elected to each house. If the bill does not receive the votes required to pass, the bill would take effect September 1, 2015.

Methodology

The bill would require a river authority pay for the cost of the audit, as determined by SAO, which would offset the cost to SAO. Each river authority would continue to pay similar costs every five years for subsequent SAO audits as long as the bill is in effect. According to SAO, for the purposes of this estimate the agency assumes they would conduct three audits per fiscal year, spending 18,000 hours per year. Cost estimates are based on SAO's fiscal year 2014 billing rate of \$90 per hour. The number of full time equivalent positions is based on an estimated 1,600 direct hours per year. Annual travel expenses are estimated at \$51,264 per year for fiscal years 2016 through 2018, increasing to \$76,896 per year in 2019 and 2020. Other associated operating expenses are estimated at \$138,096 per year.

Local Government Impact

There would be costs to river authorities for reimbursing SAO for their services. As SAO estimates the cost of performing an economy and efficiency audit for three river authorities per fiscal year is \$1,635,264, the estimated average cost per river authority would be \$545,088 in the first year and every fifth year after if the bill remains in effect.

Source Agencies: 308 State Auditor's Office

LBB Staff: UP, SZ, JJ, PM