

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

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**May 26, 2015**

**TO:** Honorable Eddie Lucio Jr., Chair, Senate Committee on Intergovernmental Relations

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

**IN RE:** **HB2977** by Coleman (Relating to issues affecting counties and certain other governmental entities; authorizing fees.), **Committee Report 2nd House, Substituted**

**Section 30 of the bill would specify that in counties with a population at least 4 million (Harris County) the amount of the property tax exemption for certain organizations constructing or rehabilitating low-income housing is 100 percent of the appraised value, if certain conditions exist. The bill's requirement of an exemption of certain low-income housing in Harris County would require Harris County taxing units to grant a 100 percent low-income housing exemption at the full appraised value to these properties. As a result, taxable property values would be reduced and the related costs to the Foundation School Fund would be increased through the operation of the school finance formulas.**

**All other provisions of the bill would have no significant fiscal impact to the state.**

The bill would amend various codes relating to issues affecting counties and certain other governmental entities.

Section 1, Section 8, Section 22 and Section 23 would prohibit state or local funds from being used for licensing a same-sex marriage or a declaration of informal marriage; prohibit state or local government employees from recognizing, issuing, or enforcing a same-sex marriage license or declaration of informal marriage; and prohibit state or local funds being used to enforce an order requiring the issuance or recognition of a same-sex marriage license or declaration of informal marriage. The bill would prohibit a county clerk from filing with the Department of State Health Services (DSHS), and DSHS from entering into the vital statistics system, a copy of completed marriage license or declaration of informal marriage for a same-sex couple. The bill would require DSHS to provide any submitted copies to the Office of Attorney General. The bill would require any county that issues a marriage license for a same sex marriage to collect certain fees. These fees would be remitted to the Comptroller of Public Accounts and then deposited into General Revenue.

Section 2 through 6 would amend the Government Code to permit the commissioners court of Kaufman County to pass a resolution authorizing a new civil filing fee of up to \$15 to be deposited into a special county account for the construction, renovation, or improvement of the facilities housing the district courts, county courts at law, and justice courts. Under the provisions of the bill, a statutory probate court would be authorized to collect a fee of up to \$15. The bill provides an expiration of the fee.

Section 7 would specify the first lien against the revenue of a municipality owned utility system that secures the payment of public securities issued or obligations incurred to apply to funding for a bill payment assistance program for certain utility system's customers.

Section 9 would permit certain public hospitals to construct and operate certain hospital projects in any location that the governing body of the hospital considers to be in the best interest of the hospital, subject to limitations imposed by DSHS or an order of the commissioners court of a county.

Section 10 through 15 would establish health care provider participation programs for certain counties. The health care provider participation program would authorize a county to collect mandatory payments from nonprofit hospitals. These payments would be deposited into a local provider participation fund to fund intergovernmental transfers and subsidize indigent care programs. Intergovernmental transfers would be used by the Health and Human Services Commission (HHSC) as the nonfederal share to draw down Medicaid supplemental payments. The bill specifies that if a state agency determines that a waiver from a federal agency is necessary, the agency shall request the waiver and delay implementation until such waiver is received. The nonfederal share of Texas Medicaid supplemental payments is provided largely by local public funds provided to the Health and Human Services Commission by intergovernmental transfer. The bill's provisions do not contain any implications for state General Revenue funds. HHSC reports that there would be no significant fiscal impact to the agency resulting from implementation of the health care provider participation programs.

Section 16 would amend the counties that certain disqualifications of emergency services commissioners would apply.

Section 17 would amend the criteria of emergency service districts that are exempted from filing an audit report. Under the provisions of the bill, a district that files certain compiled financial statements and that maintains an Internet website would be required to post the financial statements on the district's website for the most recent three years.

Section 18 through 20 would expand the categories of school district employees eligible to receive mental health first aid training and related grants. The training and grants would be available to employees that regularly interacted with students in the course of their duties.

Section 21 and Section 25 would permit the suspension or termination of Medicaid eligibility for certain individuals confined in a county jail. The bill would require the HHSC to reinstate Medicaid eligibility within 48 hours after being notified if the individual's eligibility certification period is still active. The bill would permit an individual to remain eligible until the expiration of the period for which the individual was certified. The bill would permit a county sheriff to notify certain entities on the confinement and conviction of individuals receiving medical assistance benefits within 30 days of the individual's confinement or conviction. Under the provisions of the bill, if the sheriff or county chose to provide notice confinement or conviction, the sheriff would be required to provide notice of the individual's release from custody with 48 hours of the release. The bill would require the sheriff to provide certain information regarding reinstatement of the individual's eligibility for benefits to the individual upon the individual's release. The bill would require HHSC to establish a method to allow a sheriff or county employee to determine an individual's Medicaid eligibility status. Under the provisions of the bill, a county, sheriff or an employee is not liable in a civil action for damages resulting from the failure to comply with this section. It is assumed there would be no significant fiscal impact to HHSC. It is assumed the agency could absorb a small cost in fiscal year 2016 for modifications to the Texas Integrated Eligibility Redesign System (TIERS) related to the termination of Medicaid while a client is

incarcerated in a county jail. The impact to Medicaid caseloads is assumed to be small and any cost or savings would not be significant.

Section 24 would permit counties to dispose of certain county surplus or salvage property through recycling programs.

Section 26 and Section 27 would permit the board of directors of certain economic development corporations to undertake and operate transportation-related projects.

Section 29 would amend provisions of general obligation bond elections in Lynn County Hospital District.

Section 30 would amend Chapter 11 of the Tax Code, regarding taxable property and exemptions, to specify that in counties with a population at least 4 million (Harris County) the amount of the property tax exemption for certain organizations constructing or rehabilitating low-income housing is 100 percent of the appraised value, if the owner is a federally tax exempt entity under Section 501(c)(3) of the Internal Revenue Code, the owner otherwise qualifies for the exemption for the property, and the property was previously owned by a local government corporation created by a city under Transportation Code Chapter 431 or Local Government Code Chapter 394 for affordable housing purposes in a tax increment financing reinvestment zone created by the city.

Section 31 would require certain municipalities that receive a request for the abandonment of an alley to issue a final decision to grant or deny the request within 30 days.

Section 32 of the bill would implement recommendations in the review "Improve the Operations and State Oversight of Overweight Corridors" in the Legislative Budget Board's Government Effectiveness and Efficiency Report submitted to the Eighty-fourth Texas Legislature, 2015. The bill would authorize the Texas Department of Motor Vehicles (DMV) to issue permits on behalf of overweight corridors and authorize DMV to charge a fee to cover the cost of issuance. The bill would require the Texas Department of Transportation to complete a pavement management plan for each operational overweight corridor and require local entities to consider this plan when setting permit rates.

DMV indicated that permits that would be self-issued through their current internet-based system could be issued within existing resources. For purposes of this fiscal note, it is assumed that if any permits are not self-issued the workload would be absorbed by existing personnel. There could also be an insignificant revenue gain to the General Revenue Fund as a result of an administrative fee assessed on each permit issued by DMV. If DMV chooses to assess a fee to cover the cost of issuing additional permits the revenue would be deposited to the Department of Motor Vehicles Fund. DMV did not indicate this fee would be charged in the next five years and the Comptroller of Public Accounts reported the fiscal impact of this cannot be determined since it is not known whether fees would be charged or how many permits would be issued. TxDOT stated it could complete pavement management plans for routes currently designated as overweight corridors within existing resources.

Section 33 would amend the Water Code to permit a retail public utility to require an operator of a correctional facility to comply with water conservation measures adopted or implemented by the retail public utility.

Section 34 would amend the Water Code relating to the revocation of certain water utilities' certificate of public convenience and necessity for major rules violations.

Based on information provided by the Public Utility Commission, it is assumed that duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Section 35 would amend the Water Code to permit certain navigation districts to lease the surface of land for up to 50 years.

### **Local Government Impact**

The Comptroller of Public Accounts contacted Kaufman County to determine the fiscal impact of Section 2 through Section 6. Kaufman County's fiscal year (FY) begins October 1. Kaufman County reported that the county would collect an estimated \$20,610 per year in revenue for FY 2016- FY 2020, assuming that all filings remain at the current levels. FY 2015 would be prorated for one month, totaling \$1,718 in additional revenue resulting from the new fines.

Section 10 through 15 could result in costs with the establishment of provider participation programs in certain counties. These costs could be offset by the collection of mandatory payments, payment amounts would vary based on the hospitals located in each applicable county.

Section 18 through 20 would allow school district employees and resource officers to be eligible to access mental health first aid training. It is assumed that the cost of training would be covered by available grant funding. Some school districts could incur costs for substitute teachers to cover classrooms while teachers were obtaining training.

The bill's requirement of an exemption of certain low-income housing in Harris County in Section 30, would require Harris County taxing units to grant a 100 percent low-income housing exemption at the full appraised value to these properties. The bill's provisions that reduce taxable property values of select properties in Harris County would reduce taxable property values and the related ad valorem tax revenue for local taxing units in Harris County.

Section 33 could have costs on local entities to comply with water conservation measures, these costs would depend on the size, location and resources of a correctional facility and could be offset with savings in water usage. According to the Commission on Jail Standards, the bill would have upfront savings due to the restriction of landscape watering. However, the bill could prevent costs in prolonged restriction of watering due to the county jail building movement and settling of the building's foundation.

Section 35 would have a fiscal impact on navigation districts in savings of the decreasing cost of legal fees, the drafting of new contracts, and advertisement and filing fees. There would be revenue gain for navigation districts from the increased value of longer term contracts. These amounts would vary depending on the entity and terms of the lease.

**Source Agencies:** 304 Comptroller of Public Accounts, 409 Commission on Jail Standards, 473 Public Utility Commission of Texas, 529 Health and Human Services Commission, 601 Department of Transportation, 608 Department of Motor Vehicles

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