

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 28, 2015

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB3474** by Coleman (Relating to issues affecting counties and other governmental entities.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for of HB3474, As Passed 2nd House: a negative impact of (\$2,210,232) through the biennium ending August 31, 2017.

Additionally, 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.

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	(\$1,105,116)
2017	(\$1,105,116)
2018	(\$1,105,116)
2019	(\$1,105,116)
2020	(\$1,105,116)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1
2016	(\$1,105,116)
2017	(\$1,105,116)
2018	(\$1,105,116)
2019	(\$1,105,116)
2020	(\$1,105,116)

Fiscal Analysis

The bill would amend various codes relating to the issues affecting counties and other governmental entities. The bill would provide the court more discretion to order participation in a veterans court program, expand program eligibility to certain individuals and authorize a participant to utilize videoconferencing software or other internet-based communications to fulfill treatment or other court obligations. Finally, the bill would authorize cases for participants in veterans treatment courts to be transferred to a county where the defendant resides or works with the consent of both veterans treatment courts and the defendant.

The bill would amend Government Code to create a grant program for monitoring defendants and victims in family violence cases. The bill would require the Criminal Justice Division in the Trusted Programs Within the Office of the Governor to establish program guidelines and provide grants to reimburse counties who participate in certain global positioning monitoring systems.

The bill would amend the Health and Safety Code to expand control orders for detention of persons infected with, exposed to, or carriers of a communicable disease. The bill would require that the Department of State Health Services establish a stockpile of protective equipment to support responses to infectious disease emergencies.

The bill would expand the categories of school district employees eligible to receive mental health first aid training and related grants.

The bill 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.

The bill would create the Task Force to Study Population Change and Its Effects on Texas Counties to assess the effects of population growth on counties relating to housing, businesses, land resources, the economy, health care services, and county jails.

Under the provisions of the bill, certain officials may seek a decision from the Attorney General whether certain information is confidential or excepted from disclosure. The officers or governing body may appeal the decision to a district court under certain conditions.

The bill would require the Public Utility Commission to instruct a certain independent

organizations to commission a study on the security of the Texas electric grid and the computer and networks related to the Texas electric grid.

The bill would amend the Special District Local Laws Code relating to the Barton Springs-Edwards Aquifer. Under the provisions of the bill, a holder of a temporary or regular permit subject to a district order to reduce the amount of water production would be permitted to contest the reduction by requesting a hearing conducted by the State Office of Administrative Hearings (SOAH). The bill would require the district to contract with SOAH to conduct the hearings.

The bill would authorize the Texas Commission on Environmental Quality (TCEQ) to issue emergency authorizations when there are emergency conditions which present an imminent threat to public health and safety and which override the necessity to comply with established statutory procedures, and there are no feasible practicable alternatives.

The bill would amend Chapter 21 of the Property Code, which relates to eminent domain. The bill would require condemning entities to reimburse property owners for attorney's and professional fees in eminent domain proceedings where it is determined that the condemning entity's lowest offer for the property is 20 percent or more lower than the amount determined by a special commissioner or other court. The bill would increase from two to three the number of actions a condemning entity must complete in order to demonstrate making actual progress towards the public use for which the property was acquired. The bill would reduce the number of available actions for entities other than navigation districts or port authorities from seven to five.

The bill would amend the Government Code relating to natural disaster housing recovery. It would require the Governor to designate a state agency to receive and administer federal and state funds appropriated for long-term natural disaster recovery, and other duties, as described. The bill would also require the Hazard Reduction and Recovery Center at Texas A&M University to review and certify local housing recovery plans submitted by units of local government.

Methodology

According to the Office of Court Administration's Fiscal Year 2013 Annual Statistical Report for the Texas Judiciary, there were 7,395 family violence cases filed for indictment in FY2013. Using that data, the Office of the Governor estimates five percent, approximately 370 cases, would rise to level that GPS monitoring would be warranted.

The Office of the Governor estimates daily costs for monitoring and supervision of the GPS Device is \$16.52 ($\$16.52 \times 370 \text{ cases} = \$6,112.40/\text{day}$). The Office of the Governor assumes each case will require 90 days of monitoring ($90 \text{ days} \times \$6,112.40/\text{day} = \$550,116$). In addition, each GPS unit costs approximately \$1,500 ($\$1,500 \times 370 \text{ cases} = \$555,000$). The total cost for the unit and monitoring would be \$1,105,116 per fiscal year.

Not shown in the costs provided in the tables and based on information provided by General Land Office (GLO), if GLO were the agency designated by the Governor to receive and administer federal and state funds, GLO has funding in place through the 2016-17 biennium from existing federal grants from previous natural disasters to implement the provisions of the bill. According to GLO, beginning in fiscal year 2018 the agency would need an additional 13.0 FTEs and associated administrative expenses of \$1,169,576 each fiscal year. This estimate assumes if Texas Department of Emergency Management (TDEM) were the designated agency, that it would be able to implement the provisions of the bill within existing resources.

Currently, TDEM administers local disaster grants funded from FEMA as an existing function.

Additionally, the GLO currently distributes disaster-related Community Development Block Grant funding from the United States Department of Housing and Urban Development (HUD).

It is anticipated that the additional provisions of the bill could be absorbed by the other affected agencies within current resources.

Local Government Impact

The fiscal impact of the bill on local governmental entities cannot be determined.

There could be costs to local governments relating to an outbreak of a communicable disease. These costs would depend on the number of cases and the severity of communicable diseases. The costs to local governmental entities could include: transporting or securing an individual to a facility, documentation of the communicable disease, and the detention of the individual.

The bill would include 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 would specify a 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. 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.

The Comptroller of Public Accounts contacted Hidalgo and Kaufman County to determine the fiscal impact of certain courts collecting a filing fee. Hidalgo County reported that the county would collect an estimated \$1.9 million per year in new revenue for Fiscal Year (FY) 2016- FY 2020, assuming that all filings remain at the current levels. FY 2015 would be prorated for four months, totaling \$600,000 in additional revenue resulting from the new fines. 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.

There would be cost to a local government to develop and adopt a local housing recovery plan; however, fiscal impact would vary depending on the local government's resources and number of plans developed.

There would be 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 associated with the leasing of surface land for up to 50 years. 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.

The cost to a local government for the prohibition from euthanizing of an animal if there is an empty cage would depend on the number of stray animals in an area, the amount of kennel and shelter space, and other resources of an entity.

The bill could have positive fiscal implications for governmental entities that apply for an emergency authorization. There may be a cost savings for entities not having to file as many

applications and pay the related application fees to keep the emergency authorization effective. These savings are not expected to be significant.

Provisions of the bill relating to eminent domain could result in a negative fiscal impact for units of local government. The impact would vary depending on the number of proceedings to which the bill would apply in which a local government entity would have to reimburse property owners for attorney's and professional fees. The fiscal impact to a local entity would also vary depending on the amount of land eligible for repurchase under the provisions of the bill and the number of individuals seeking to repurchase such land.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 301 Office of the Governor, 305 General Land Office and Veterans' Land Board, 332 Department of Housing and Community Affairs, 403 Veterans Commission, 405 Department of Public Safety, 537 State Health Services, Department of, 580 Water Development Board, 701 Central Education Agency, 710 Texas A&M University System Administrative and General Offices

LBB Staff: UP, NB, SD, EK, BRi, TL, JSm, PM, VJC, KJo, EP, LBe