

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 26, 2015

TO: Honorable Charles Perry, Chair, Senate Committee on Agriculture, Water & Rural Affairs

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1408 by Lucio (Relating to the establishment of a matching grant program for community development in certain municipalities and counties.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1408, As Introduced: a negative impact of (\$4,309,587) 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	(\$2,159,233)
2017	(\$2,150,354)
2018	(\$2,150,354)
2019	(\$2,150,354)
2020	(\$2,150,354)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1	Change in Number of State Employees from FY 2015
2016	(\$2,159,233)	2.0
2017	(\$2,150,354)	2.0
2018	(\$2,150,354)	2.0
2019	(\$2,150,354)	2.0
2020	(\$2,150,354)	2.0

Fiscal Analysis

The bill would amend the Agriculture Code to establish a community development matching grant program for rural and small communities. The Texas Department of Agriculture (TDA) would administer the program and provide matching grants to qualified cities or counties to assist in the financing of projects listed in the bill. A city or county must be a nonentitlement area under the federal community development block grant program and be in good standing with TDA and the U.S. Department of Housing and Urban Development to receive matching grants.

The bill would take immediate effect if the bill receives two-thirds the vote in each house; otherwise, the bill would take effect September 1, 2015.

Methodology

The Texas Department of Agriculture (TDA) indicates it would need 2.0 Program Specialists FTEs to implement provisions of the bill. Salaries and benefits for the new FTEs would cost of \$144,985 in General Revenue each fiscal year. These 2.0 FTEs administer a grant program, which in this estimate is assumed to be \$2 million each fiscal year and is shown in the table above. Other costs each fiscal year would include travel, other operating expenses, and payroll contributions. There would be one-time expenses of \$8,730 in fiscal year 2016 to equip the new staff. TDA indicates there would also be minimal FTE costs for program startup in fiscal year 2016 which it is assumed may be reasonably absorbed within current resources. Also, at this time TDA has not indicated whether there are any federal funds available for this new program.

Local Government Impact

The bill may result in a positive fiscal implication for those qualified cities and counties with local matching funds receiving state financial assistance for local projects.

Source Agencies: 304 Comptroller of Public Accounts, 551 Department of Agriculture

LBB Staff: UP, SZ, MW, TB, AG