LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 25, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB2305** by Guillen (Relating to the operations, reports, records, communications, information technology, and notice procedures of state agencies.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2305, As Passed 2nd House: an impact of $0 through the biennium ending August 31, 2019.

In addition, the bill's provisions related to transmission and receipt of electronic documents would have a positive but indeterminate fiscal impact.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2018	$0
2019	$0
2020	$0
2021	$0
2022	$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from *Texas Emissions Reduction Plan* 5071	Change in Number of State Employees from FY 2017
2018	($47,076,977)	6.0
2019	($47,064,377)	6.0
2020	($164,911,881)	6.0
2021	($164,911,881)	6.0
2022	($164,911,881)	6.0

Fiscal Analysis

The bill would require Texas State Library and Archives Commission (TSLAC) to compile a report every four years, beginning in fiscal year 2021, listing all statutorily required reports, and, with the assistance of state agencies, assessments as to the ongoing usefulness of those reports.

The bill would require state agencies to submit certain reports required by statute, rule or rider in the General Appropriations Act, to the Texas Digital Archive, administered by TSLAC, once the Archive is properly configured for such use. The bill would also require TSLAC to develop guidelines for report submission, and the agency would monitor agency usage in accordance with the bill.

The bill would amend the Government Code to allow a state agency to transmit and receive documents in a format prescribed by the agency, provided it does not compromise program delivery or violate federal law. The bill would include a one-time requirement that agencies report cost savings or other efficiencies achieved from this action in their next Legislative Appropriations Request.

The bill would require each state agency, as the agency considers necessary, to evaluate the effectiveness and efficiency of the agency's vehicle fleet management, including vehicle acquisition methods and interagency agreements to operate vehicle maintenance and repair facilities that are owned or operated by this state. The section also requires each state agency to establish and maintain a schedule for replacing the agency's vehicles. Based on findings for the evaluation, the agency shall implement any measures that will increase the agency's effectiveness and efficiency in managing the agency's vehicle fleet. The first such evaluation and implementation of any findings shall be conducted not later than August 31, 2019. This subsection expires December 31, 2019.

The bill would require the Comptroller of Public Accounts conduct a one-time study on mail operations of state agencies that receive an appropriation, and identify provisions of law relating to the mailing requirements for the agency that impede the efficient transmission and receipt of documents by the agency.

The bill would amend certain sections of the Government, Health and Safety, Labor, Natural Resources, Occupations and Transportation Codes to allow for the electronic transmission or receipt of certain documents.

The bill would amend the Government Code to require DIR to submit a consolidated report of each state agency's information technology (IT) infrastructure not later than November 15 of each even-numbered year to certain leadership and staff of the Legislative Budget Board. The consolidated report would include an analysis and assessment of each state agency's security and operational risks. For a state agency found to be at higher security and operational risks, the report would also include a detailed analysis of, and cost estimates to implement, the requirements for the agency to address the risks and related vulnerabilities and the agency's efforts to address the risks through the modernization of IT systems, use of cloud services, and use of statewide technology centers established by DIR. State agencies would be required to provide the information requested by DIR for the creation of the report. Also, state agencies would be required to redact from certain contracts on their internet website information made confidential pursuant to Section 2261.253, Government Code.

The bill would require DIR to submit a report not later than November 15 of each even-numbered year to certain leadership on the use of cloud computing service options by state agencies, including use cases that provide cost savings and other benefits. State agencies would be required to cooperate with DIR in the creation of the report.

The bill would require DIR conduct a one-time study regarding opportunities and strategies to reduce the state's volume of paper transactions, and submit a report on the findings of the study to the governor, lieutenant governor, speaker of the house of representatives, and Legislative Budget

Board.

The bill would amend the Government Code to repeal the management-to-staff ratio requirement for state agencies.

The bill would extend the Texas Emissions Reduction Plan (TERP) program, currently set to expire on August 31, 2019, to the end of the biennium in which Texas attains the national ambient air quality standards for ground-level ozone. The Clean School Bus (CSB) program, the New Technology Implementation Grant (NTIG) program, the Texas Clean Fleet (CF) program, and the Texas Natural Gas Vehicle Grant (NGVG) program would each be extended from August 31, 2019 to the end of the biennium in which Texas attains the national ambient air quality standards for ground-level ozone.

The bill would combine the Alternative Fueling Facilities (AFF) program and the Clean Transportation Triangle (CTT) program into one program under the AFF program name; the combined program would be extended from August 31, 2018 to the end of the biennium in which Texas attains the national ambient air quality standards for ground-level ozone.

The bill would allow the Texas Commission on Environmental Quality (TCEQ) to reallocate funding between TERP programs based on demand for grants. The bill would remove various caps and minimum spending levels on programs. The bill would reduce the initial allocation for the NGVG program from 16 percent to 10 percent, specify that the amount to be allocated for supporting research related to air quality be no more than $750,000, and would increase the initial allocation for the Seaport and Rail Yard Areas Emissions Reduction program from 2 percent to 6 percent. The bill would allocate $6,000,000 to the combined AFF program instead of 10 percent, and would prohibit allocating funding to the AFF program in fiscal year 2019.

The bill would remove an allocation of 1.5 percent of TERP funds for the Texas A&M Engineering Experiment Station (TAMEES) for administrative costs, but it would provide that funds from the General Revenue-Dedicated Texas Emissions Reduction Plan Account No. 5071 (TERP account) could still be allocated to TAMEES for administrative costs.

The bill would allocate a maximum of $500,000 for conducting studies or pilot programs for incentives for port authorities located in nonattainment areas or affected counties to encourage cargo movement that reduces emissions. The bill would allocate a maximum of $2,500,000 for conducting research and other activities in order to demonstrate to the United States Environmental Protection Agency the impact of foreign emissions or an exceptional event.

The bill would renew the Light- Vehicle Purchase or Lease Incentive (LDMVPLI) program; this program expired on August 31, 2015. The program would provide incentive grants for the purchase or lease of vehicles powered by compressed natural gas or liquefied petroleum gas and electric drive vehicles powered by battery or a hydrogen fuel cell. The LDMVPLI program would expire at the end of the biennium in which Texas attains the national ambient air quality standards for ground-level ozone.

The bill would create the Governmental Alternative Fuel Fleet Grant (GAFFG) program, which would provide grants to an eligible state agency, county, municipality, or political subdivision in purchasing or leasing new motor vehicles that operate primarily on compressed natural gas, liquefied natural gas, liquefied petroleum gas, hydrogen fuel cells, or electricity, including fully electric motor vehicles or plug-in hybrid electric vehicles. No more than 10 percent of the total amount awarded in any fiscal year may be used for purchasing, leasing, installing, or procuring refueling infrastructure, equipment, or services. TCEQ is required to provide an online application process for application submissions, which the agency estimates may take two years to complete; the bill allows TCEQ to accept applications in any manner provided by the agency until the online application process is implemented. TCEQ would be required to submit a report on or before November 1 of each even-numbered year with information on grants awarded under the program. Funding for this program would be appropriated by the legislature from the TERP account, and expenditures may not exceed 3 percent of the balance in the TERP account at the beginning of each fiscal year. Administrative expenses are capped at 1.5 percent of the total amount allocated to the GAFFG program in one fiscal year up to $1,000,000. TCEQ has indicated that at maximum program funding levels for fiscal year 2018, the administrative expenses cap may be too low to effectively administer the program, especially if the online application system is not funded through a separate appropriation.

The bill would amend the Government Code to require the Comptroller, not later than December 31 of each year, to submit a report to the Legislature that identifies for each state agency: each program the agency is statutorily required to implement for which no appropriation was made for the preceding state fiscal year, a citation to the law imposing the requirement, and the amount and source of money the agency spent, if any, to implement any portion of the program during the preceding state fiscal year. A state agency would be required to provide the Comptroller the information necessary for the report not later than September 30 of each year. The first report would be required by December 31, 2017.

The bill would amend the Education Code related to certain academic programs and projects undertaken by public institutions of higher education at an off-campus academic or research site or a similar location. A degree or certificate program offered at an off-campus academic or research site would be considered a new degree or certificate program if not previously offered at the off-campus academic or research site. The Higher Education Coordinating Board would review and approve or disapprove an action taken by an institution of higher education, through purchase; lease; or to acquire real property, or acquire or construct a building or facility for use at a new or existing off-campus academic or research site.

The bill would amend the Local Government Code by adding Section 140.012 regarding the authorization of certain political subdivisions and other public entities to spend money on lobbying activities. The bill would only apply to: a political subdivision that imposes a tax or issues bonds; a special district that issues bonds; a regional mobility authority; a transit authority; a regional tollway authority; a special purpose district; a public institution of higher education; a community college district; a utility owned by the state or a political subdivision; or a river authority.

The bill would require the political subdivision or entity (henceforward referred to entity) to vote on the expenditure of funds to influence legislation as a stand-alone item on the agenda. The entity would be required to report to the Texas Ethic Commission (Ethics Commission) and publish on the entity's website the amount of money authorized, the name of any person required to register as a lobbyist, and a copy of any contract for services.

The bill would require the entity to report to the Ethics Commission and publish the amount of public money spent for membership fees and dues to any nonprofit organization or association that directly or indirectly attempt to influence pending legislation. The Ethics Commission would be required to create and make available to the public a searchable database on Ethic's website the data from the above reports.

The bill would amend Chapter 551 of the Government Code to require certain agencies to broadcast open meetings live over the internet and make an archived broadcast available online for two years. The bill would apply to agencies within the executive or legislative branch that receive an annual appropriation of $40 million or more in General Revenue, including transfers, and have 250 or more full-time equivalent employees. The bill would apply only to open meetings that take place on or after September 1, 2019.

The bill would amend the Government Code to establish a "Camo Alert" program for missing military members who suffer from a mental illness, including post-traumatic stress disorder or a traumatic brain injury. The new alert program would place the same requirements on both the Department of Public Safety and the Texas Department of Transportation that exist for the Amber, Silver, and Blue Alert programs.

The bill would amend the Transportation Code to require the Texas Department of Transportation (TxDOT) to establish a system to track liquidated damages retained by TxDOT for transportation project contract delays. The bill would require TxDOT to determine for each TxDOT district the amount of money retained each year that is attributable to projects located in the district and allocate to each district an amount of money for transportation projects equal to the amount determined for each district.

Methodology

The TERP LDMVPLI program renewal is limited to funding 1,000 incentives for light-duty motor vehicles powered by compressed natural gas or liquefied petroleum gas in the amount of $5,000 per incentive in the biennium, and 2,000 incentives for light-duty motor vehicles powered by electric drive in the amount of $2,500 per incentive in the biennium, for a total program cost of $5,000,000 for the biennium, or $2,500,000 each fiscal year.

This estimate is based on GAFFG program funding being 3 percent of the ending fund balance in the TERP Fund at the end of fiscal year 2017; according to the Comptroller's 2018-19 Biennial Revenue Estimate, this fund balance will be $1,384,166,000. The GAFFG program's maximum funding for fiscal year 2018 would be $41,524,980. This estimate assumes a program allocation of this amount each fiscal year that follows. TCEQ estimates that the cost of implementing an online application system for the GAFFG program would cost $300,000 in the first year and $300,000 in the second year for system design, development, and implementation. Ongoing maintenance costs are estimated to be $5,000 per fiscal year. These costs would be funded from the TERP account and are also included in the 3 percent funding total. TCEQ estimates that, in order to administer and implement the new GAFFG program, 3.0 FTEs would be required (two planner positions to administer the program processes and a contract specialist). Fewer FTEs would be needed if appropriations were lower.

The bill would expand the types of NTIG projects that would be eligible for TERP funding to include oil and gas-related activities. TCEQ estimates additional staff with expertise in the oil and gas field would be required. It is estimated that an additional 2.0 FTEs (an engineering specialist, and a financial analyst) would be required in the NTIG program.

Based on estimates provided by TCEQ, an additional program supervisor would be required in the Implementation Grants Section of the TERP program. The 6.0 additional FTEs that would be necessary as a result of the bill and the associated capital and operational needs would cost $538,287 in fiscal year 2018 and $513,087 in fiscal year 2019. The continuing costs of these FTEs and associated operational expenses would continue at fiscal year 2019 levels in future years.

This estimate was made assuming that current TERP program activities would continue to be funded at 2016-17 funding levels, and that the new requirements concerning the renewal of the

LDMVPLI program, the expansion of the NTIG program, and the implantation of the GAFFG program are funded in addition to existing TERP program activities. However, total appropriations to existing TERP programs could be reduced in order to shift funding to these new initiatives, while keeping expenditures from the TERP account the same as in the 2016-17 biennium.

This estimate assumes that any administrative expenses associated with making DERIG applications available on the agency's website would be funded through this continuation of 2016-17 appropriations, and that appropriations to TAMEES for TERP activities would remain at 2016-17 levels. This estimate assumes that no additional funds would be appropriated out of the TERP Fund because of the bill's expansion of the areas eligible for CTT program funding. Because the bill does not increase the maximum statutory allocation for CTT grant funding of 5 percent of TERP funding, this estimate assumes that funding for the program would remain constant, while the number of entities eligible to apply for funding would increase.

Beginning in fiscal year 2020, this estimate assumes that the current amount of TERP funds would continue at current levels to fund the various existing programs whereas under current law, appropriations out of the TERP Fund to TCEQ would be eliminated. Thus, in the table above a cost to the TERP Fund is included equal to the annual appropriations to TCEQ of $118,131,504 per year for the TERP program in the 2016-17 biennium.

To the extent that appropriations pursuant to this bill reduce the available balance in the TERP Fund, there would be a cost to certification.

Allowing a state agency to transmit and receive documents in a format prescribed by the agency, is expected to result in cost avoidance and increased available staff time for agencies. For instance, TxDOT stated that allowing customers to opt-in to receiving toll invoices electronically would reduce the amount of associated paper, postage costs and provide a positive fiscal impact that cannot be determined at this time.

All other provisions of the bill would not have a significant fiscal impact, and can be absorbed within the existing resources of the affected state agencies and institutions of higher education.

Technology

The online application system required by the bill for the GAFFG program would cost $300,000 in each fiscal year of the 2018-9 biennium. Recurring maintenance costs for the system would total $5,000 each fiscal year starting in 2020.

Local Government Impact

The local governments in counties contained within the bill's definition of the Clean Transportation Zone could become recipients of TERP grant awards. The extent of such funding would depend on the number of grant applications from those counties and whether those applications were competitive relative to other TERP grant applications TCEQ would receive.

According to the Texas Municipal League, some municipalities would be eligible for grants under the alternative fleet grant program; however, the fiscal impact cannot be determined at this time as the amount of funds that might be dispersed to cities through the grant program is unknown.

According to the Texas Conference of Urban Counties, the fiscal impact to counties is not anticipated to be significant.

Source Agencies: 306 Library & Archives Commission, 320 Texas Workforce Commission, 601 Department of Transportation, 304 Comptroller of Public Accounts, 305 General Land Office and Veterans' Land Board, 313 Department of Information Resources, 507 Texas Board of Nursing, 537 State Health Services, Department of

LBB Staff: UP, CL, MMe, PM, SD, MSO, RN, GGo, LBO, LCO, RD