

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: **HB4180** by Coleman (Relating to the creation, operations, functions, and regulatory authority of certain governmental entities and officials; changes in certain judicial procedures; imposing civil penalties.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB4180, As Passed 2nd House: a negative impact of (\$344,000) through the biennium ending August 31, 2019.

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
2018	(\$262,000)
2019	(\$82,000)
2020	(\$82,000)
2021	(\$394,000)
2022	(\$82,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Probable Savings/(Cost) from State Highway Fund 6	Probable Savings/(Cost) from Hospital Licensing Acct 129	Probable Savings/(Cost) from Healthy TX Sm Emp Prem Stabil. Fund 329
2018	(\$262,000)	\$31,119,000	(\$762,507)	(\$5,000,000)
2019	(\$82,000)	\$31,586,000	(\$684,500)	\$0
2020	(\$82,000)	(\$117,171,000)	(\$684,500)	\$0
2021	(\$394,000)	(\$118,342,000)	(\$684,500)	\$0
2022	(\$82,000)	\$0	(\$684,500)	\$0

Fiscal Year	Probable Savings/(Cost) from Appropriated Receipts 666	Probable Revenue Gain/(Loss) from Appropriated Receipts 666	Probable Savings/(Cost) from Texas Emissions Reduction Plan 5071	Probable Revenue Gain/(Loss) from Texas Emissions Reduction Plan 5071
2018	(\$207,622)	\$207,622	(\$47,076,977)	(\$31,119,000)
2019	(\$22,180)	\$0	(\$47,064,377)	(\$31,586,000)
2020	\$0	\$0	(\$164,900,881)	\$213,861,000
2021	\$0	\$0	(\$164,900,881)	\$215,032,000
2022	\$0	\$0	(\$164,900,881)	\$96,690,000

Fiscal Year	Probable Revenue Gain/(Loss) from Dedicated Hospital Perpetual Care Account	Change in Number of State Employees from FY 2017
2018	\$5,000,000	12.0
2019	\$0	12.0
2020	\$0	12.0
2021	\$0	12.0
2022	\$0	12.0

Fiscal Analysis

Provisions of this bill establish the requirement that the Comptroller of Public Accounts (Comptroller) create and post on the internet a Special Purpose District Public Information Database containing certain information on special purpose districts that: (1) are authorized to impose an ad valorem tax or a sales and use tax, to impose an assessment, or to charge a fee, and (2) during the most recent fiscal year had bonds outstanding, had gross receipts in excess of \$250,000, or had cash and temporary investments in excess of \$250,000. The bill would require the Comptroller to include certain information for each district in the database, including, but not limited to, the following information: local debt information required under Section 140.008(b) or (g) of the Local Government Code; total amount of bonds authorized by voters and the aggregate initial principal amount of the bonds issued that are payable wholly or partly by ad valorem taxes; rate of any sales and use tax imposed; and ad valorem tax rate information. The bill would require the Comptroller to develop and post the database by September 1, 2018. The Comptroller would be required to update information in the database annually.

Districts would be required to transmit records and other information annually to the Comptroller, in a form and manner prescribed by the Comptroller, for the purpose of operating and updating the database. The bill would require the Comptroller to maintain a noncompliance list of districts that

have not submitted the required information. The bill would require the Comptroller to provide written notice to a district that does not provide the required information that the district is in violation of Section 203.062 of the Local Government Code, as added by the bill, and that the district will be subject to a penalty of \$1,000 if the district does not report the required information on or before the 30th day after the date the notice is provided. If after 30 days the district does not submit the required information, the district would be subject to the \$1,000 civil penalty. The Comptroller would be required to provide a second notice informing the district that the district is liable for the initial \$1,000 penalty and would be subject to an additional \$1,000 penalty if the district does not report the required information on or before the date the second notice is provided. The bill would authorize the Office of the Attorney General (OAG) to sue to collect the civil penalties.

The bill would require the Comptroller to implement the provisions of the bill relating to the database only if the Legislature appropriates funding specifically for that purpose and would allow the agency to implement the provisions using other appropriations if available.

The bill would amend the Code of Criminal Procedure to authorize an acquitted individual, or an attorney for the state, to request an expunction order. It is assumed any costs associated with implementing this provision could be absorbed within current resources.

The bill would amend the Code of Criminal Procedure to authorize a court that grants a petition for expunction of a criminal record to order that any fee, or portion of a fee, required to be paid in relation to the petition be returned to the petitioner. Based on the analysis of the Office of Court Administration (OCA), Department of Public Safety, and Comptroller of Public Accounts, duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources. Based on the analysis of OCA, a decrease in revenue is anticipated from reimbursing fees associated with the filing of a petition for expunction. The exact amount of the impact cannot be determined because fees vary from county to county and reimbursement of the fees is discretionary, not mandatory; however, the fiscal impact to the state is not anticipated to be significant.

The bill would amend the Government Code to authorize a court issuing an order of nondisclosure of criminal history record information to also order that any fee, or portion of a fee, required to be paid in relation to the petition and order of nondisclosure be returned to the person who is the subject of that order. Implementing the provisions of the bill would result in a decrease in revenue from reimbursing fees associated with the filing of a petition for expunction, but this decrease is not anticipated to be significant based on the analysis of the Office of Court Administration and Comptroller of Public Accounts.

The bill would amend the Transportation Code to increase the civil penalty to not more than \$5,000, in addition to a criminal penalty, on a person who operates an automotive wrecking and salvage yard in violation of the chapter. A penalty collected would be deposited into the county or municipal treasury, as applicable.

The bill would require a recipient or former recipient of a limitation on appraised value under Chapter 313 of the Tax Code to contract with an independent certified public account to verify data certified to the Comptroller. According to the Comptroller and Workforce Commission, any costs associated with implementation of this provision could be absorbed within existing resources.

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. These provisions 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 as 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 Ethics 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. These provisions 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 the Ethics Commission's website of the data from the above reports. Based on the information provided by the Ethics Commission, this analysis assumes that any costs associated with implementing this provision could be absorbed within existing resources.

The bill would amend Chapter 33 of the Tax Code, regarding property tax delinquency, to prohibit a chief appraiser from disqualifying an individual who is 65 years of age or older from the entitlement to receive a property tax deferral or abatement because the relevant property is no longer the individual's principal residence without first providing written notice. The notice would be required to include a form on which the individual may indicate that the property remains the individual's principal residence and a self-addressed postage prepaid envelope with instructions. The chief appraiser would be required to consider the individual's response on the form in determining whether the property remains the individual's principal residence. If the chief appraiser does not receive a response on or before the 60th day after the date the notice is mailed, the chief appraiser may make a determination that the property is no longer the individual's principal residence on or after the 30th day after the expiration of the 60-day period, but only after making a reasonable effort to locate the individual and determine whether the property remains the individual's principal residence. An additional notice that includes certain specified language and information sent by first class mail, return service requested, or notice in another manner determined by the chief appraiser, would constitute a reasonable effort. The bill's requirement that a chief appraiser must provide written notice and make a reasonable effort to locate an individual who is 65 years of age or older before disqualifying the individual from receiving a property tax deferral or abatement because the relevant property is no longer the individual's principal residence could create a cost to local taxing units and to the state through the school finance formulas because the payment of some taxes may be deferred that would otherwise not be. The number of individuals who might receive a tax deferral or abatement as a result of the provision is unknown but the cost is not anticipated to be significant.

The bill would amend the Government Code allowing Tarrant County to set the salary of a full-time magistrate to not exceed 90 percent of the sum of the salary of a district judge paid by the state and the maximum amount of county contributions and supplements allowed by law. The bill would also clarify the powers of Tarrant County criminal law magistrates.

The bill would amend the Government Code to exclude from the statutory maximum salary of a judge compensation for extrajudicial services performed by a district judge for a court located in a county with a population of 1.8 million or more that is adjacent to a county with a population of 2.2 million or more. Based on the analysis of the Office of Court Administration, duties and responsibilities associated with implementing the provisions could be accomplished using existing resources.

The bill would amend the Local Government Code to prohibit counties with a population equal to or more than 3.3 million from using various county revenue sources to fund the improvement or redevelopment of an obsolete sports facility if the improvement or redevelopment would cost \$10 million or more unless the funding is approved by voters of the county at an election held for that purpose. Defines obsolete sports facility. According to the Comptroller of Public Accounts, the provisions of the bill would have no fiscal impact on the state.

The bill would amend the Local Government Code to modify certain existing reporting requirements imposed on regional planning commissions. Specifies the information that must be reported on the expenditures of funds by these commissions. Clarifies that the reporting period is the fiscal year of the commission. Requires the report be delivered to members of the Legislature who represent a district located wholly or in part in the region of the commission as well as to each participating governmental unit in the region. Specifies that, in the event a receiver is appointed by the Governor due to a failure of the commission, no funds may be expended by the commission other those necessary to correct the failure. According to the Office of the Governor, the provisions are anticipated to have no fiscal implication to state government.

The bill would amend the Government Code, Water Code, and Local Government Code relating to the notice requirements for special purpose districts. The bill would require the annexation of land to a special purpose district to use the same notice required for establishing a special purpose district.

The bill would amend the Government Code allowing Bowie County to appoint bailiffs to serve the certain district courts of the county. The bill would require the sheriff of the county to deputize these appointments and would classify the bailiffs as peace officers for certain purposes of the Code of Criminal Procedure. The Office of Court Administration does not anticipate this provision of the bill creating a significant fiscal impact for the State or local government.

The bill would amend the Health and Safety Code by adding a chapter to establish a health care provider participation program for certain counties that have a population more than 75,000, are not served by a hospital district or a public hospital, and borders or includes a portion of the Sam Rayburn Reservoir. The health care provider participation program would authorize a county to collect mandatory payments from nonpublic hospitals that provide inpatient hospital services. 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 including payments to the Medicaid managed care program that are dedicated for payment to hospitals. 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 HHSC by intergovernmental transfer. The bill's amendments do not contain any implications for state General Revenue funds. According to the Department of Health and Human Services, there would be no significant fiscal impact to the agency resulting from implementation of the bill. According to the Health and Human Services Commission, the agency has an oversight role in this process and would absorb any administrative costs within existing resources.

The bill would amend the Local Government Code to establish that a county judge in a meeting cby videoconference is the presiding officer of a commissioners court only when the county judge is located at the physical space made available to the public for the meeting. The Office of Court Administration indicates that no significant fiscal implication to the state is anticipated from this provision of the bill.

The bill would amend the Health and Safety Code to modify the composition and eligibility of certain emergency services commissions that serve multiple counties. Exempts certain counties from certain election requirements of emergency service commissions that serve multiple counties. Validates, ratifies, and confirms the acts and proceedings of certain emergency services districts.

The bill would amend the Health and Safety Code to authorize commissioner's courts to dissolve programs established by these courts.

The bill would amend the Health and Safety Code by requiring a local mental health authority at least once per year to consult with the sheriff or a representative of the sheriff regarding the use of funds received. The Commission on Law Enforcement, Department of State Health Services, and Health and Human Services Commission anticipate no fiscal impact from this provision of the bill to the State.

The bill would amend the Local Government Code to restrict an existing authorization for counties and municipalities to require property owners to remove graffiti. The limitation would limit this authorization to commercial property and explicitly prohibit this requirement for residential property.

The bill would require a county department of education in a county with a population of four million or more according to the most recent federal decennial census to be subject to a one-time sunset review, but not abolishment, as if the department were to be scheduled to be abolished September 1, 2019. The bill would establish the requirements of the review and would require the Harris County Department of Education to reimburse the Sunset Advisory Commission (SAC) for the cost of performing the review.

The bill would amend the Local Government Code allowing certain counties to designate areas as a water recreation safety zone. The bill contains provisions relating to designation of the zone, zone fees, and dissolution of the zone. If the zone is approved by voters the commissioner court may impose a fee to fund the employment of additional peace officers to provide law enforcement in the zone.

The bill would amend the Health and Safety Code to modify the procedures to be used in conducting certain elections regarding a sales tax supporting an emergency services district and specifies certain ballot language to be used in such an election. According to the Comptroller of Public Accounts, the bill would have no fiscal impact on the state. The bill would have a positive, but undetermined fiscal impact on units of local government.

The bill would amend the Local Government Code to extend an existing authorization to regulate the operation of game rooms in certain counties to include certain additional counties.

The bill would amend the Election Code and Government Code to require a political subdivision holding an election for general obligation bonds must post any sample ballot prepared for the election on their website. The bill would prohibit a political subdivision from issuing a bond to purchase, construct, or improve personal property if the average maturity date of the bonds exceeds 120 percent of the projected average useful life. The bill would prohibit a political subdivision from using unspent bond proceeds for any other purpose than what the bonds were issued for unless the specified purpose is accomplished or abandoned and an election is held in which a majority of voters approve the use for a proposed purpose. The bill would repeal Chapter 1332 of the Government Code. The Texas Education Agency does not anticipate a significant

fiscal impact from the bill and the Secretary of State would update advisory materials within existing resources.

The bill would require the Texas Department of Transportation (TxDOT) to design, construct, and erect highway markers designating a portion of State Highway 31 as the Navarro County Vietnam Memorial Loop, subject to Section 225.021 (c), Transportation Code. Section 225.021 (c), Transportation Code, specifies that TxDOT may not design, construct, or erect the marker unless a grant or donation of funds is made to the department to cover the cost. Based on the analysis of TxDOT, it is assumed any duties associated with the implementation of the provisions of the bill could be absorbed within the agency's existing resources.

The bill would amend the Local Government Code to permit the governing body of certain municipalities to restrict, by ordinance, a registered sex offender from going in, on, or within a specified distance of a child safety zone in the municipality. The bill would permit an ordinance to establish a distance requirement of not more than 1,000 feet. The bill provides definitions and an affirmative defense to prosecution of an offense under the ordinance. Under the provisions of the bill, the ordinance could establish procedures for a registered sex offender to apply for and receive an exemption from the ordinance. The bill would require an ordinance to exempt a registered sex offender who established residency located within the specified distance before the date the ordinance was adopted. According to the Office of Court Administration, no significant impact to the state court system is anticipated.

The bill would amend the Local Government Code to prohibit a judge or district judge from setting a compensation rate for a county auditor or assistant auditor that is inconsistent with a wage and compensation plan adopted by the county. The bill would apply only to counties located on an international border, with a population of less than 300,000, and that contain one or more municipalities with a population of 200,000 or more. The compensation of these positions is funded from local sources, therefore the bill has no fiscal impact to the state.

The bill would amend the Local Government Code and Health and Safety Code relating to regulations and policies for entering or using a bathroom or changing facility. The bill would authorize a civil penalty for violations of this act. Based on information provided by the Office of Court Administration, Office of the Attorney General, Comptroller of Public Accounts, Department of Criminal Justice, Texas Education Agency, Texas A&M University System Administration, University of Texas System Administration, University of North Texas System Administration, and University of Houston System Administration it is assumed that any costs associated with the implementation of the bill would be absorbed within existing agen

The bill would require each county board of education, board of county school trustees, or office of county school superintendent in a county with a population of 2.2 million or more and that is adjacent to a county with a population of more than 800,000 to be abolished effective November 15, 2017, unless the entity was continued by voters through an election in November 2017. The bill would provide for the process by which each applicable entity should be dissolved. This analysis assumes the provisions of this bill would apply only to the county education department for Dallas County. TEA anticipates that any cost to the state associated with implementing the provisions of the bill would be minimal.

The bill would amend the Health and Safety Code allowing the Tarrant County Hospital District to participate in a health care provider participation program. The authority of the district to administer and operate this program expires December 31, 2019. The Health and Human Services Commission assumes any cost associated with implementing the provisions of the bill can be absorbed within existing resources.

The bill would amend the Health and Safety Code to establish mosquito control districts for an urgent public health purpose. The Department of State Health Services indicates it could absorb the costs associated with the bill within its current resources.

The bill regulates the authority of a code enforcement officer to carry an instrument used for deterring the bite of an animal. According to Texas Department of Licensing and Regulation the education requirements can be absorbed within existing resources

The bill would amend the Code of Criminal Procedure allowing the venue for the disposition of stolen property to be in the county where the property was alleged to be stolen.

The bill would amend Chapter 654, Acts of the 71st Legislature, Regular Session , 1989, to allow the Springhills Water Management District to cap an open, uncovered, or abandoned water well or to plug and permanently close a deteriorated water well or to require an owner or lessee of land to do the same. The amendment would allow the District to use any available funds for this purpose, and would allow the District to place a lien on the land in which the well is located. The amendment would allow the District to enforce this section in court.

The bill would amend Chapter 41 of the Tax Code, regarding local property tax review. Current law requires a chief appraiser and a property owner, before a hearing on a protest, to provide each other a copy of any written material, or material preserved on a portable device, that the person intends to offer or submit to the appraisal review board at the hearing (exchanged material). The bill would require each person to provide the exchanged material in the manner and form prescribed by Comptroller rule. Current law requires a chief appraiser to provide certain audiovisual equipment to a property owner for use at a hearing. The bill would require that the audiovisual equipment be provided as prescribed by Comptroller rule.

The bill would amend Chapter 41A of the Tax Code, regarding appeals through binding arbitration, to require the Comptroller to remove a person from the arbitrator registry if the Comptroller determines by clear and convincing evidence that there is good cause to remove the person, including evidence of repeated bias or misconduct by the person while acting as an arbitrator.

The Comptroller would be required to, on receipt from an appraisal district of a property owner's request for binding arbitration with deposit, appoint an eligible arbitrator who is listed in the Comptroller's registry, and send notice to the appointed arbitrator requesting the individual to conduct the arbitration hearing. Existing language regarding the selection of arbitrators would be deleted. The bill would establish residency and eligibility requirements for arbitrators. The Comptroller would be prohibited from appointing an arbitrator if the Comptroller determines that there is good cause not to appoint the arbitrator, including information or evidence indicating repeated bias or misconduct by the person while acting as arbitrator. The changes proposed by the bill regarding the removal and appointment of arbitrators would apply only to a request for binding arbitration received by the Comptroller on or after the bill's effective date. The bill would make conforming repeals. The bill would not affect taxable property values, tax rates, collection rates, or any other variable which might affect the revenues of units of local governments or the state.

The bill would amend statute to establish a task force to conduct a comprehensive study on flood control infrastructure for Harris and Galveston Counties. The bill would appoint two representatives from the University of Houston's Hobby School of Public Affairs or the Cullen College of Engineering and Texas Southern University's Barbara Jordan-Mickey Leland School of

Public Affairs or Department of Transportation Studies. The bill would require the Hobby School of Public Affairs and the Cullen College of Engineering at the University of Houston provide necessary support to the task force. The bill would require the task force to submit a report to the Legislature and the Governor no later than December 1, 2018. The institutions noted there would be costs associated with the bill, however, this analysis assumes implementation of the legislation can be accomplished within existing resources.

The bill would amend Chapter 2206 of the Government Code related to eminent domain requirements for certain entities. The Comptroller indicates that any costs associated with the bill could be absorbed within existing resources.

The bill would amend the Health and Safety Code relating to a task force of border health officials. Based on the LBB's analysis of the Department of State Health Services, duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

The bill would disqualify ecological laboratory land from special open-space land appraisal if it is used for such appraisal in 2017. As a result, taxable property values could be increased and the related costs to the Foundation School Fund could be decreased through the operation of the school finance formulas.

The bill would amend Chapter 23 of the Tax Code, regarding property tax appraisal methods and procedures, to provide that land used principally as an ecological laboratory by a public or private college or university does not qualify for special open-space land appraisal on the basis of that use unless the land was appraised as qualified open-space land on the basis of that use for the 2017 tax year. Special open-space land appraisal results in an appraised value for property tax purposes that is significantly less than the market value. The bill's proposed disqualification of ecological laboratory land from special open-space land appraisal if it is not already qualified for such appraisal in 2017 would create a gain to local taxing units and to the state through the school finance formulas by causing certain ecological laboratory land that cannot otherwise qualify for special appraisal to be appraised at market value. The amount of future ecological laboratory land that would be disqualified by the bill is unknown; consequently, the gain cannot be estimated.

The bill would amend the Water Code relating to the administration of certain water districts. According to Texas Commission on Environmental Quality, the agency can absorb the cost relating to implementing the provisions of this section.

The bill would amend the Election Code and Local Government Code relating to the requirements for certain petitions requesting an election and ballot propositions. The Secretary of State assumes any additional work associated with implementing the provision could be absorbed using existing resources.

The bill would amend the Local Government Code relating to the sale of parkland owned by certain municipalities.

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 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. TxDOT reports that the agency currently assesses penalties for contractor delays as liquidated damages. The dollar amount specified as liquidated damages is deducted from any payments due to the contractor. Based on LBB's analysis

of information provided by TxDOT, it is assumed TxDOT would program an amount of funding for highway construction and maintenance projects in the applicable districts in an amount equal to the value of liquidated damages assessed on contracts in those districts in the previous fiscal year. This analysis assumes any costs or duties associated with implementing the provisions of the bill could be absorbed within the agency's existing resources.

The bill would amend the Special District Local Laws Code relating to the board of directors for the Agua Special Utility District. The bill would require one of the directors to be elected by voters of the City of La Joya within the district and two directors elected at-large. The bill would prohibit the board from employing a director as an employee, consultant, or contractor an elected official of the largest public employer in the service area of the district or a person related to the elected official in the third degree of consanguinity or affinity.

The bill would amend the Transportation Code to authorize the Texas Department of Motor Vehicles (TxDMV) to issue an annual permit for the international transportation of intermodal shipping containers moving by a truck-tractor and semitrailer combination that has six axles, is equipped with certain safety systems, and is within certain gross weight and axle weight limits as specified by the bill. The bill would require TxDMV to restrict vehicles operating under this permit to routes that are located in a county with a population of more than 90,000, on the state highway system, and are not more than five miles from the border between Texas and Arkansas. The bill would require TxDMV to set the amount of the permit fee in an initial amount not to exceed \$2,000; of which 90 percent would be deposited to the State Highway Fund (SHF), five percent deposited to the TxDMV Fund, and five percent to the appropriate county road and bridge fund. Beginning in 2022, on September 1 of each even-numbered year, TxDMV would be required to set the permit fee in an amount based on a reasonable estimate of the costs associated with the operation of the permitted vehicles over the authorized routes, including any increase in highway maintenance costs based on a study to be conducted by the Texas Department of Transportation (TxDOT). The bill would specify that permit fees deposited to the SHF may only be used for transportation projects in the TxDOT districts designated on the permit applications. Based on LBB's analysis of the information provided by TxDMV and the Texas Department of Transportation, it is assumed any costs or duties associated with implementing the provisions of the bill could be absorbed within existing resources. TxDMV indicates that the issuance of permits under the provisions of the bill would not result in a significant revenue gain to the SHF and TxDMV Fund.

The bill would amend the Labor Code relating to criminal history information of employment applicant or employee. The bill would prohibit a political subdivision of the state from adopting or enforcing any ordinance that prohibits, limits, or regulates a private employer's ability to request or consider the criminal history record of an applicant or employee. The bill would not apply to a political subdivision from enforcing an ordinance or regulating criminal history access if the individual is entering into a contract or receiving a grant.

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. It is assumed that implementing the provisions of the bill could be absorbed within existing resources. The Department of Transportation, after communicating with the Federal Highway Administration, does not anticipate that the federal agency would consider the bill's "Camo Alert" program to be out of compliance with the federal Manual on Uniform Traffic Control Devices, so long as the "Camo Alert" program includes provisions to ensure that the messages are transportation related; clear; concise; and easily understood. Further,

the program would need to include provisions requiring confirmation of a person meeting the "Camo Alert" criteria.

The bill would amend Government Code to provide financial assistance to the survivors of jailers and county jailers or guards who are killed in the line of duty. Under provisions of the bill, funding of \$500,000 per claim would be provided, as well as monthly payments to the guardians of surviving children. The bill would also provide funeral expenses and certain annuity payments. The occurrence and timing of these events are difficult to predict. Based upon historical experience, the Employees Retirement System estimates that three additional deaths would be eligible for financial assistance in the five years following implementation of the bill. The Commission on Jail Standards and the Texas Commission on Law Enforcement indicate that there are approximately 18,000 licensed county jailers and two have died in the line of duty since 2014.

The bill would require the Texas Department of Transportation (TxDOT) to design, construct, and erect highway markers designating a portion of U.S. Highway 287 as the Charles H. Roan Memorial Highway, subject to Section 225.021 (c), Transportation Code. Section 225.021 (c), Transportation Code, specifies that TxDOT may not design, construct, or erect the marker unless a grant or donation of funds is made to the department to cover the cost. Based on the analysis of TxDOT, it is assumed any duties associated with the implementation of the provisions of the bill could be absorbed within the agency's existing resources.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Methodology

For the provisions of the bill relating to the Texas emissions reduction plan:

The new purchasing requirements in Government Code, §2158.051 are not estimated to have any significant fiscal impact. PUC estimates that implementing the amended reporting requirements could be implementing using existing resources.

The 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 area 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.

Under current law, revenue supporting the TERP Fund would expire August 31, 2019; therefore, no fiscal implications are anticipated for fiscal years 2018 and 2019 as a result of the extension of the collection of revenue deposited to the TERP Fund. According to analysis provided by the Comptroller, this revenue would total \$96,690,000 each fiscal year.

The transfer from the SHF to the TERP Fund is set to expire under current law on August 31, 2019; the bill would extend the expiration of this transfer to August 31, 2021, resulting in an increase in revenue deposited to the TERP Fund and a revenue loss to the SHF in fiscal years 2020 and 2021. The transfer amount would only be calculated using vehicle title fee revenue collected from persons in nonattainment areas, resulting in a decrease in the revenue amount deposited to the TERP Fund as a result from the transfer in fiscal years 2018 and 2019, with an equivalent savings to the SHF.

For the provisions of the bill relating to the licensing and regulation of hospitals in this state:

HHSC has the authority to increase licensing fees to offset costs associated with implementing the

bill. However, this analysis assumes no change to current licensing fees. This analysis assumes that the requirement to conduct background checks for all license applicants would result in an insignificant number of additional background checks performed by the Department of Public Safety and any associated costs will be immaterial.

HHSC indicates that inspection of each non-deemed licensed-only hospital once every three years, and inspection of 10 percent of all remaining licensed hospitals each year would require an additional 5.1 FTEs. Costs to support this function would total \$762,507 in General Revenue Related Funds for fiscal year 2018, and \$684,500 for each subsequent fiscal year for salaries, benefits, and other operating costs. The analysis assumes 660 licensed general and special hospitals in Texas, and assumes 111 licensing surveys would be required each fiscal year to meet the requirements of the bill. This analysis assumes that a survey team would require two surveyors for each survey, and each team may conduct 45 surveys each year.

The bill would create a dedicated account in the General Revenue Fund, the Hospital Perpetual Care Account, to be used in the event DSHS takes certain actions against a hospital. The bill would require \$5.0 million to be transferred into the account from General Revenue-Dedicated Healthy Texas Small Employer Premium Stabilization Fund 329 on January 1, 2018. Based on the LBB's analysis of the State Office of Administrative Hearings and the Department of Public Safety, duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing agency resources.

For the provisions of the bill relating to the administration of the ad valorem tax system:

The bill's provision that would lower the rollback rate from 108 to 105 percent of the no-new-taxes maintenance and operations rate (currently known as the effective maintenance and operations rate) plus the current debt rate could create a cost to taxing units (other than school districts) by making it more difficult to increase maintenance and operations tax rates by more than 105 percent of the no-new-taxes maintenance and operations rates. If these taxing units propose a tax rate higher than the rollback rate, the automatic rollback election might result in reducing the proposed rate to 105 percent of the no-new-taxes maintenance and operations rate plus the current debt rate. Future proposed tax rates and the outcome of any elections cannot be predicted and the increase in cost to units of local government attributable to the proposed provision cannot be estimated. There would be no cost to school districts or to the state through the school funding formula.

The provisions of the bill relating to the establishment of a database has fiscal implications for the Comptroller. This analysis estimates the costs of implementing the provisions of the bill assuming that either the Legislature appropriates money specifically for that purpose or that the agency identifies available funds.

Based on the analysis of the Comptroller, there would be a General Revenue cost of \$262,000 in fiscal year 2018 and an ongoing cost of \$82,000 in each following year. This analysis includes a one-time technology cost of \$180,000 in fiscal year 2018 for the Comptroller to develop the Special Purpose District Public Information Database. The Comptroller also indicates there would be staff costs of \$82,000 for one program specialist IV to maintain and verify data submissions from districts. This estimate is based on the agency's current costs to review and post debt-related information submitted by political subdivisions.

The Office of the Attorney General indicates that their costs to implement provisions of the bill could be absorbed within existing resources. The bill would provide for civil penalties of up to \$2,000 to a special purpose district which does not comply with provisions of the bill requiring

the reporting of information to the Comptroller to operate and update the database. The frequency of which the penalties would be applied and collected is unknown and therefore, any potential revenue increase to the General Revenue Fund is indeterminate.

For the provisions of the bill relating to providing for the review of certain county departments of education by the Sunset Advisory Commission:

According to the most recent federal decennial census, only the Harris County Department of Education would be affected by the bill. Based on information provided by the SAC, it is assumed that total costs to conduct a Sunset review of the Harris County Department of Education would include \$207,622 in 2018 and \$22,180 in fiscal year 2019. This amount would provide for 3 staff members to conduct a seven month review and includes salaries, benefits, travel, and administrative costs. According to the SAC, 90 percent of the time to conduct the review would occur in fiscal year 2018 and 10 percent in fiscal year 2019. In addition, it is assumed that all travel during fiscal year 2019. This analysis assumes the SAC would be reimbursed for performing reviews in accordance with the provisions of the bill. Costs and savings as well as the revenue gains and losses from payments to the SAC as a reimbursement for the review are reflected as Appropriated Receipts in the table above.

Technology

For the provisions of the bill relating to the Texas emissions reduction plan, 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.

For the provisions of the bill relating to the licensing and regulation of hospitals in this state, FTE-related technology costs are estimated to be \$55,451 for the 2018-19 biennium and \$25,183 for each subsequent fiscal year.

For the provisions of the bill relating to the establishment of a database results in a one-time technology cost of \$180,000 in General Revenue funds in fiscal year 2018 to the Comptroller to develop the database. The cost reflects an estimated 1,200 hours of design, architecture, and coding, including the creation of mainframe tables, a security portal, an application to enter and update information, and an application to view and sort information for public use.

For the provisions of the bill relating to the Texas emissions reduction plan, the bill would expand the definition of alternative fuels for vehicles used by state agency to include vehicles powered by hydrogen fuel cells, and to clarify that "plug-in hybrid vehicles" are hybrid electric vehicles.

Local Government Impact

The provisions of the bill relating to the development of a database require the Comptroller to give notice and impose up to two penalties each of \$1,000 and authorizes the Office of the Attorney General to sue to collect penalties. This analysis assumes the imposition of state civil penalty could have a fiscal impact on special purpose districts for non-compliance. Authorization of expunction orders is anticipated to have no significant impact to local courts. Local governments are anticipated to realize a decrease in revenues from reimbursing fees associated with the filing of a petition for expunction; however, a significant fiscal impact is not anticipated. Based on the analysis of the Office of Court Administration and Comptroller of Public Accounts, duties and responsibilities associated with implementing the provisions of the bill relating to non-disclosure of criminal history record information would result in a decrease in revenue to local

governments from reimbursing fees associated with the filing of a petition for expunction. This decrease is not anticipated to be significant.

For the provisions of the bill related to an increase in fines associated with operation of a salvage yard, there would be a positive fiscal impact to a local governmental entity that would vary depending on the number of violations, the amount of the penalty and the amounts collected. According to the Texas Municipal League, the fiscal impact from the provisions of the bill related to lobbying activities is not anticipated to be significant to municipalities.

For the provisions of the bill adjusting judicial compensation in certain counties, according to the Office of Court Administration the amount of additional compensation allowed to be paid to district judges by counties would increase; however, the increase would be permissive. Therefore, any fiscal impact would be made voluntarily by counties. No significant fiscal impact is anticipated. According to Dallas County, no fiscal impact is anticipated. According to Harris County, the provisions of the bill relating to the prohibition of certain stadia redevelopments would have a negative fiscal impact. The county indicated the bill would cost approximately \$4 million for a stand-alone election and \$2.5 million for a uniform election day election. Also according to the county, further fiscal effects of the bill would be contingent on voter approval in Harris County and these additional fiscal effects cannot be determined. According to the Office of the Governor, the provisions of the bill related to regional planning commissions are anticipated to have no fiscal implication to local government. According to Angelina County, the provisions of the bill relating to indigent care programs would have a minimal fiscal impact on the county. While certain administrative costs in the billing, collecting, accounting and disbursement of the funds would be incurred these are specifically allowed for reimbursement in the text of the bill. According to the Texas Association of Counties, the fiscal impact from the provisions of the bill relating to videoconferencing by county judges and authorization of program dissolution would not be significant. The Office of Court Administration indicates that no significant fiscal implication to local courts is anticipated. Because the provisions of the bill relating to certain emergency service commissions would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

For the provisions of the bill relating to consultation of local mental health authorities and sheriffs, according to the Texas Association of Counties, no significant fiscal impact is anticipated. According to the Health and Human Services Commission, local governments may experience a fiscal impact due to an increased diversion effort from the criminal justice system. Due to variation across communities the number of diversions and fiscal impact cannot be determined at this time.

For the provisions of the bill relating to the Texas emissions reduction plan, 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 it is unknown the amount of funds that might be dispersed to cities through the grant program. According to the Texas Conference of Urban Counties, the fiscal impact to counties is not anticipated to be significant.

For the provisions of the bill relating to the licensing and regulation of hospitals in this state, there may be costs of an indeterminate amount to public hospitals for an emergency suspension of license, an increased penalty or increased fees. Additionally, there may be costs for hospital

staffing due to inspections, surveys, and investigations. According to the Texas Organization of Rural and Community Hospitals (TORCH), there are costs associated with a hospital preparing for survey or inspection. These costs can come from contracting with outside persons to assist with inspection and/or overtime for staff. However, the extent of the fiscal impact cannot be determined. In addition, TORCH anticipates indeterminate costs to hospitals when HHSC levies fees to keep the fund balance at \$5.0 million pursuant to the bill.

For the provisions of the bill relating to the administration of the ad valorem tax system, the bill's provision that would lower the rollback rate from 108 to 105 percent of the no-new-taxes maintenance and operations rate (currently known as the effective maintenance and operations rate) plus the current debt rate could create a cost to taxing units (other than school districts) by making it more difficult to increase maintenance and operations tax rates by more than 105 percent of the no-new-taxes maintenance and operations rates. If these taxing units propose a tax rate higher than the rollback rate, the automatic rollback election might result in reducing the proposed rate to 105 percent of the no-new-taxes maintenance and operations rate plus the current debt rate. Future proposed tax rates and the outcome of any elections cannot be predicted and the increase in cost to units of local government attributable provision cannot be estimated. There would be no cost to school districts or to the state through the school funding formula.

For the provisions of the bill relating to providing for the review of certain county departments of education by the Sunset Advisory Commission, the estimated costs each fiscal year to the Harris County Department of Education for the required SAC review are reflected in the table above as Appropriated Receipts.

For the provisions of the bill relating to the authority of certain counties to designate a county water recreation safety zone, the impact of the bill on local government would depend on the counties deciding to create a district and the extent to which the district would pursue district powers outlined in the bill. Revenue gain from fees imposed and collected is not anticipated to have a significant fiscal implication.

For the provisions of the bill relating to the procedure for an election to adopt a sales and use tax or to change the tax rate in an emergency services district, according to the Comptroller, the bill would have a positive, but undetermined fiscal impact on units of local government. According to Hill County Emergency Services District Number 2, the bill would have a net positive fiscal impact by authorizing implementation of the results of a sales tax election held on November 3, 2015. The sales tax would result in substantial revenue to the district, but the amount cannot be estimated.

For the provisions of the bill relating to the applicability of certain insurance laws to certain farm mutual insurance companies, because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

For the provisions of the bill relating to general obligation bonds issued by political subdivisions, according to Dallas County holding an election to spend unspent bond funds would cost an estimated \$1.5 million.

For the provisions of the bill relating to the designation of a portion of State Highway 31, no fiscal implication to units of local government.

For the provisions of the bill relating to the authority of general-law municipalities to restrict sex

offenders, according to the Texas Municipal League, many home rule cities have ordinances such as described in the bill and additional authority for general law cities would not have a significant fiscal impact to local government.

For the provisions of the bill relating to compensation of county auditors and assistant auditors in certain counties, according to the Texas Association of Counties (TAC), the bill would have no fiscal impact to local government.

For the provisions of the bill relating to regulations and policies for entering or using a bathroom or changing facility, according to the Texas Association of Counties, costs associated with the up to \$1,500 penalty assessed on governmental entities violating its provisions would accrue over the length of time taken for complaint investigations. The fiscal implication would thus depend on the length of the investigation. According to the City of Houston, the bill would have a significant impact if corporations and special events choose not to pursue certain business in the state; the city anticipates the impact could be in the millions of dollars. According to the Texas Municipal League, cities that are interested in hosting events or pursuing economic development initiatives are concerned about a loss of business to the state.

For the provisions of the bill relating to abolishing certain county boards of education, boards of county school trustees, and offices of county school superintendent, TEA indicates that there would be an impact to the districts that use the services of the affecteents. Under the provisions of the bill local school districts would need to begin to provide these services instead. TEA indicates that any state aid that was previously distributed to the county education departments for their services would presumably be retained by the local school districts, therefore the net fiscal impact to local governments should be minimal.

For the provisions of the bill relating to the creation and operations of a health care provider participation program by the Tarrant County Hospital District, no significant fiscal implication to units of local government is anticipated.

For the provisions of the bill relating to mosquito control districts, according to Cameron County, the bill would cost the County an estimated \$435,000 in fiscal year 2018 and \$480,000 in fiscal year 2019, or \$915,000 for the 2018-19 biennium. The five-year cost to General Revenue is estimated to be \$2,530,000. Costs associated with implementation are related to the hiring 7.0 new FTEs, lab contracts, and training.

For the provisions of the bill elating to the authority of a code enforcement officer, no significant fiscal impact is anticipate for local governments whose code enforcement officers receive certification for carrying an instrument to deter the bite of an animal.

For the provisions of the bill relating to venue for the disposition of stolen property According to the Justices of the Peace and Constables Association, no local fiscal impact from the bill is anticipated

For the provisions of the bill relating to certain water management districts, no significant fiscal implication to units of local government is anticipated.

For the provisions of the bill relating to the system for prottions, no fiscal implication to units of local government is anticipated.

For the provisions of the bill relating to the establishment of a task force to conduct a comprehensive study on flood control infrastructure, no significant fiscal implication to units of

local government is anticipated.

For the provisions of the bill relating to eminent domain reporting requirements, according to the Texas Municipal League, the fiscal impact to municipalities is not anticipated to be significant.

For the provisions of the bill relating to a task force of border health officials, according to the Department of State Health Services, border local governments serving on the task force will incur travel costs for task force activities and meetings.

For the provisions of the bill relating to the eligibility of land used as an ecological laboratory for appraisal, passage of the bill would disqualify ecological laboratory land from special open-space land appraisal if it is not already qualified for such appraisal in 2017. As a result, taxable property values and the related ad valorem tax revenue for units of local government could be increased.

For the provisions of the bill relating to administration of certain watertricts, no significant fiscal implication to units of local government is anticipated.

For the provisions of the bill relating to the requirements for certain election propositions, according to the City of Houston, the bill would have a significant fiscal impact on the City as well as all home-rule cities. The cost cannot be determined at this time because litigation and election costs vary. Additionally, costs may include an increase in cost for legal services, ballot republishing costs, and costs associated with postponed municipal financial action items due to citizen petitions.

For the provisions of this bill relating to the sale of park land owned by certain municipalities, according to the City of Pasadena, the bill would have a positive fiscal impact.

For the provisions of the bill relating to the allocation of money associated with delays of transportation projects, no significant fiscal implication to units of local government is anticipated.

For the provisions of the bill relating to the board of directors of the Agua Special Utility District, no fiscal implication to units of local government is anticipated.

For the provisions of the bill relating to permits for the movement of intermodal shipping containers, no significant fiscal implication to units of local government is anticipated.

For the provisions of the bill relating to the authority of a political subdivision to adopt or enforce certain regulations, according to the Texas Municipal League, no fiscal impact to municipalities is anticipated from the provisions of the bill.

For the provisions of the bill relating to the creation of a statewide alert system for missing military members, no significant fiscal implication to units of local government is anticipated.

For the provisions of the bill relating to financial assistance paid to the survivors of certain law enforcement officers, according to the Texas Association of Counties, Travis County reported the bill would have no fiscal impact on the County as no corrections officers have died in the line of duty. According to Denton County, the bill would have no significant fiscal impact on the County.

For the provisions of the bill related to Highway 287, no significant fiscal implication to units of local government is anticipated.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 302 Office of the Attorney General

LBB Staff: UP, JGA, SD, GP, SJS