

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 25, 2017

TO: Honorable Kelly Hancock, Chair, Senate Committee on Business & Commerce

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1729 by Birdwell (Relating to the reporting and disposition of certain state-owned real property.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1729, Committee Report 1st House, Substituted: a negative impact of (\$3,500,000) through the biennium ending August 31, 2019, assuming the agency implements the program. The agency is not required to implement the legislation in the absence of an appropriation.

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	(\$3,500,000)
2019	\$0
2020	\$0
2021	\$0
2022	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Probable Savings/(Cost) from Bond Proceeds-Rev Bonds 781
2018	(\$3,500,000)	(\$3,500,000)
2019	\$0	\$0
2020	\$0	\$0
2021	\$0	\$0
2022	\$0	\$0

Fiscal Analysis

The bill would amend the Government Code to require the Facilities Commission (TFC) to create and maintain a centralized, consolidated database for state-owned real property assets.

The bill would amend the Government Code to require TFC to issue a biennial report of all state-owned property assets included in the database.

The bill would amend the Government Code to require an executive branch state agency to notify TFC prior to any planned sale, lease, exchange, or other disposition of a state-owned real property asset. The bill would prohibit any action without consultation and approval by the Governor.

The bill would take effect September 1, 2017. The bill would only take effect if the legislature appropriates money specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, the commission may, but is not required to, implement the bill using other appropriations available.

Methodology

Under the provisions of the bill, TFC would be required to create and maintain a database for state-owned real property assets across agencies. Currently TFC's asset management system involves disconnected and siloed spreadsheets for the tracking of building assets and building management tasks. TFC would need to leverage information from multiple applications and from multiple agencies required by the reporting provision of the bill. Furthermore, TFC will need to appropriately advise the Governor and leadership on the sale, lease, exchange, or disposition of real property. In order to effectively implement the provisions of the bill, TFC would require the purchase and deployment of an Integrated Workplace Management System (IWMS) in order to integrate with other statewide agency reporting and provide the type of reporting and analysis called for in the bill.

TFC estimates total technology costs of \$7,000,000 in one year for the purchase and implementation of an IWMS system. This cost would include the purchase of an off-the-shelf technology solution that would allow for the integration of facilities management and reporting applications as well as the integration with reporting of other state agencies.

The estimated total cost to comply with the provisions of the bill would be \$7,000,000 in fiscal year 2018. TFC has indicated that a portion of this project could be funded through existing Revenue Bond Proceed authority set aside for new construction projects. This analysis assumes that TFC will be able to fund this project with \$3,500,000 in Revenue Bond Proceeds that are projected to be carried in to 2018 as unexpended balances and \$3,500,000 in additional General Revenue.

Technology

Technology costs are estimated to be \$7,000,000 for the purchase and deployment of an off-the-shelf database technology solution.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 303 Facilities Commission, 304 Comptroller of Public Accounts

LBB Staff: UP, CL, WP, JSm, LBe, RC