

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**April 2, 2019**

**TO:** Honorable John Zerwas, Chair, House Committee on Appropriations

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE: HB274** by Davis, Sarah (Relating to the creation of the disaster reinvestment and infrastructure planning revolving fund and the permissible uses of that fund; making an appropriation.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB274, As Introduced: an impact of \$0 through the biennium ending August 31, 2021.

However, there will be an appropriation of \$15,000,000 from the Economic Stabilization Fund to the Comptroller for transfer to the credit of a new Disaster Reinvestment and Infrastructure Planning Revolving Fund.

**Appropriations:**

Fiscal Year	Appropriation out of <i>Economic Stabilization Fund</i> 599
2020	\$15,000,000
2021	\$0

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	\$0
2021	\$0
2022	\$0
2023	\$0
2024	\$0

## All Funds, Five-Year Impact:

<b>Fiscal Year</b>	<b>Probable (Cost) from <i>Economic Stabilization Fund</i> 599</b>	<b>Probable Revenue Gain from <i>Disaster Reinvestment and Infrastructure Planning Revolving Fund</i></b>
2020	(\$15,631,000)	\$15,000,000
2021	(\$775,000)	\$0
2022	(\$794,000)	\$0
2023	(\$814,000)	\$0
2024	(\$835,000)	\$0

## Fiscal Analysis

The bill would amend Chapter 6 of the Water Code relating to the creation of the Disaster Reinvestment and Infrastructure Planning Revolving Fund and the permissible uses of that fund.

The bill would provide definitions for Category I and II qualifying subdivisions and for a qualifying infrastructure project. The bill would create the Disaster Reinvestment and Infrastructure Planning Revolving Fund (fund) as a fund outside the treasury with the Comptroller, to be administered by the Texas Water Development Board. Money in the fund would be used to make loans and grants to qualifying political subdivisions to finance qualifying infrastructure projects.

The bill would appropriate \$15 million from the Economic Stabilization Fund (ESF) to the Comptroller for transfer to the credit of the new fund.

The bill would take effect September 1, 2019. The appropriation from the ESF to the new fund would take effect only if this bill is approved by a vote of two-thirds of the members in each house of the Legislature, as provided by Section 49-g(m), Article III of the Texas Constitution.

## Methodology

The analysis is based on the *2020-21 Biennial Revenue Estimate*. It is assumed the bill would be approved by a vote of two-thirds of the members in each house of the Legislature. Based on the bill's provisions, the ESF balance in fiscal 2020 would be reduced by \$15 million, and the new fund would be increased by a like amount. The loss to the ESF reflects a reduction in interest earnings on the ESF cash balance.

The Texas Water Development Board indicates they could absorb the additional responsibilities related to the new revolving loan and grant program within 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 in, 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.

## Local Government Impact

Local Governments located in areas declared to be a disaster area would be eligible for loans and grants in accordance with provisions of the bill.

**Source Agencies:** 304 Comptroller of Public Accounts, 580 Water Development Board  
**LBB Staff:** WP, KK, SD