

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

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

**April 29, 2019**

**TO:** Honorable Lyle Larson, Chair, House Committee on Natural Resources

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

**IN RE: HB4279** by Coleman (Relating to the authority of the Texas Water Development Board to establish, operate, and, through the issuance of general obligation bonds, finance a grant program to provide financial assistance to political subdivisions and the state for projects related to disaster recovery; disaster mitigation; or construct, repair, rehabilitate, or reconstruct state or local infrastructure.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB4279, As Introduced: a negative impact of (\$4,789,154) through the biennium ending August 31, 2021.

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
2020	(\$2,022,451)
2021	(\$2,766,703)
2022	(\$2,471,903)
2023	(\$2,477,233)
2024	(\$2,482,693)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable (Cost) from <i>General Revenue Fund</i> 1	Change in Number of State Employees from FY 2019
2020	(\$2,022,451)	26.0
2021	(\$2,766,703)	26.0
2022	(\$2,471,903)	26.0
2023	(\$2,477,233)	26.0
2024	(\$2,482,693)	26.0

## **Fiscal Analysis**

The bill would amend the Water Code to create a new fund called the Texas Disaster Mitigation, Recovery, Response, and Infrastructure Fund (the fund) to fund qualifying water projects related to disaster assistance. Qualifying projects would be defined as projects undertaken by the state or a political subdivision for disaster mitigation, recovery, or response, or to construct, repair, rehabilitate, or reconstruct state or local infrastructure. The fund would be a special fund in the State Treasury outside the general revenue fund and would be administered by the Texas Water Development Board (TWDB). The Texas Treasury Safekeeping Trust Company would hold and invest the fund, with the objective to maintain sufficient liquidity while preserving the purchasing power of the fund. TWDB would be provided authority to issue general obligation bonds using the fund. TWDB would be tasked with operating the Texas Disaster Mitigation, Recovery, Response, and Infrastructure Grant Program. The bill would require TWDB to prioritize projects that focus on serving a diverse rural and urban population.

The bill would create the Texas Disaster Mitigation, Recovery, Response, and Infrastructure Advisory Committee, consisting of nine members, including the Comptroller of Public Accounts, four members of the Senate appointed by the Lieutenant Governor, and four members of the House appointed by the Speaker of the House. The committee would provide recommendations related to the Texas Disaster Mitigation, Recovery, Response, and Infrastructure Grant Program. TWDB would provide administrative support for the committee.

The bill would take effect November 5, 2019, contingent on enactment and subsequent voter approval of House Joint Resolution 114.

## **Methodology**

This analysis assumes that the enabling legislation, HJR 114, would be approved by voters on November 5, 2019. Based on the analysis of TWDB, this analysis also assumes that general obligation bonds would be issued in the amount of \$2 billion each fiscal year for five years, beginning in fiscal year 2020, and that the proceeds would be deposited to the credit of the Texas Disaster Mitigation, Recovery, Response, and Infrastructure Fund to implement the provisions of the bill.

TWDB has indicated it would need 26.0 FTEs to: (1) develop the Texas Disaster Mitigation, Recovery, Response and Infrastructure Grant Program; (2) administer the fund; (3) develop a new general obligation bonding program to support the fund; (4) prioritize qualifying projects funded by the fund or through the grant program; (5) support the Advisory Committee; (6) regularly report on the use of the fund; and (7) develop rules regarding the operation of the fund. The FTEs would begin on February 1, 2020, and are as follows: 1.0 Manager V (salary \$93,406 per year), 1.0 Administrative Assistant V (salary \$46,976 per year), 1.0 Engineer III (salary \$72,789 per year), 1.0 Engineer V (salary \$83,298 per year), 2.0 Natural Resources Specialist III (salary \$55,602 per FTE per year), 1.0 Project Manager I (salary \$59,473 per year), 1.0 Financial Analyst II (salary \$68,047 per year), 1.0 Attorney III (salary \$72,789 per year), 2.0 Program Specialist III (salary \$55,602 per FTE per year), 1.0 Program Specialist V (salary \$63,616 per year), 1.0 Data Analyst III (salary \$68,047 per year), 1.0 Business Analyst III (salary \$77,862 per year), 1.0 Planner II (salary \$55,602 per year), 2.0 Accountant IV (salary \$55,602 per FTE per year), 1.0 Financial Examiner V (salary \$83,298 per year), 1.0 Financial Analyst III (salary \$77,862 per year), 1.0 Project Manager III (salary \$77,862 per year), 1.0 Staff Services Officer III (salary \$55,602 per year), 1.0 Systems Support Specialist IV (salary \$55,602 per year), 1.0 Systems Analyst V (salary \$77,862 per year), 1.0 Human Resources Specialist II (salary \$45,024 per year), and 2.0 Contract Specialist IV (salary \$63,616 per FTE per year).

Total costs for these FTEs, including salaries, benefits, and travel, would be \$1,639,082 in fiscal year 2020 and \$2,318,763 in fiscal years 2021-2024. TWDB has indicated it will need to update two technology systems, at a cost of \$300,000 in fiscal year 2020 and \$300,000 in fiscal year 2021. Based on the analysis provided by TWDB, additional office space would be required for the new FTEs. Rental costs would be \$83,369 in 2020, \$147,940 in 2021, \$153,140 in 2022, \$158,470 in 2023, and \$163,930 in 2024.

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.

### **Technology**

TWDB will need to provide enhancements to two existing systems: the Online Loan Application System, which is used by entities to apply online for loan programs, and the Texas Water Information System Expansion, which functions as the agency's financial database for loans. TWDB anticipates that the enhancements will cost \$300,000 in fiscal year 2020 and \$300,000 in fiscal year 2021.

### **Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 352 Bond Review Board, 580 Water Development Board

**LBB Staff:** WP, SZ, MW, PBO