

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 2, 2021

TO: Honorable Chris Paddie, Chair, House Committee on State Affairs

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB2275** by Zwiener (relating to the creation and uses of the critical infrastructure resiliency fund and the eligibility of certain water-related projects for state financial assistance.), **Committee Report 1st House, Substituted**

The fiscal implications to the State cannot be determined because the amounts and timing of any appropriations, gifts, grants, and donations are unknown.

The bill would amend the Government Code to create the Critical Infrastructure Resiliency Fund (CIRF) which would be a special fund in the Treasury outside the General Revenue Fund and would be administered by the Texas Division of Emergency Management (TDEM) for the purpose of providing grants for certain purposes. It would consist of legislative appropriations; any revenue dedicated for deposit to the fund; interest earned on funds in the account; money from gifts, grants, or donations; and money under TDEM's control that it designates for deposit to the fund. TDEM would be authorized to use the fund only to make grants and to pay its necessary and reasonable administrative expenses. TDEM would be required to adopt rules relating to the CIRF.

The Electric Grid Improvement Account would be a sub-account of the CIRF consisting of legislative appropriations and money from gifts, grants, or donations. TDEM would be authorized to use this sub-account only to provide matching grants to eligible entities for hardening and weatherizing the electric grid. Eligible entities would be municipally owned electric utilities; electric cooperatives; transmission and distribution utilities; and vertically integrated utilities. In making grants, TDEM would be required to consider factors including the number of people who would benefit from the project, existing infrastructure and the need for the project, the potential benefit of the project for certain demographic populations, the equitable distribution of grants throughout the state, the existence of matching federal funds, and the total impact of the project on the resiliency of the state's electric grid. Grants made would require a ten percent match from a non-state source, with at least five percent of the match coming from local sources.

The Hospital Infrastructure Resiliency Account would be a sub-account of the CIRF consisting of legislative appropriations and money from gifts, grants, or donations. TDEM would be authorized to use this sub-account only to provide matching grants for activities related to purchasing reserve power supply necessary to sustain critical medical care, such as onsite generation and energy storage systems. In making grants, TDEM would be required to consider factors including the number of people who would benefit from the project, existing infrastructure and the need for the project, the potential benefit of the project for certain demographic populations, the equitable distribution of grants throughout the state, the existence of matching federal funds, and the total impact of the project on the state's resiliency. Grants made would require a ten percent match from a non-state source, with at least five percent of the match coming from local sources.

The Nursing Home Resiliency Account would be a sub-account of the CIRF consisting of legislative appropriations and money from gifts, grants, or donations. TDEM would be authorized to use this sub-account only to provide matching grants for activities related to purchasing reserve power supply necessary to sustain critical medical care, such as onsite generation and energy storage systems. Grants made would require a ten percent match from a non-state source, with at least five percent of the match coming from local sources.

The Dialysis Infrastructure Account would be a sub-account of the CIRF consisting of legislative appropriations

and money from gifts, grants, or donations. TDEM would be authorized to use this sub-account only to provide matching grants for activities related to purchasing reserve power supply necessary to sustain critical medical care, such as onsite generation and energy storage systems. In making grants, TDEM would be required to consider factors including the number of people who would benefit from the project, existing infrastructure and the need for the project, the potential benefit of the project for certain demographic populations, the equitable distribution of grants throughout the state, the existence of matching federal funds, and the total impact of the project on the state's resiliency. Grants made would require a ten percent match from a non-state source, with at least five percent of the match coming from local sources.

The bill would also amend the Water Code to authorize the Water Assistance Program, which is administered by the Texas Water Development Board (TWDB), to provide grants for projects to harden and weatherize water and wastewater systems in the state. In making grants, TWDB would be required to consider factors including the number of people who would benefit from the project, existing infrastructure and the need for the project, the potential benefit of the project for certain demographic populations, the equitable distribution of grants throughout the state, the existence of matching federal funds, and the total impact of the project on the state's resiliency. TWDB would be required to consult with TDEM in issuing grants. Grants made would require a ten percent match from a non-state source, with at least five percent of the match coming from local sources.

Bill sections affecting the Water Code would take effect January 1, 2022. Bill sections affecting the Government Code would take effect January 1, 2022, but only if the constitutional amendment proposed by the 87th Legislature, Regular Session, 2021, providing for the creation of the critical infrastructure resiliency fund to assist in the financing of certain infrastructure projects is approved by voters.

Based on the analysis of the Comptroller of Public Accounts, the fiscal impact cannot be determined because the amounts and timing of any appropriations, grants, and donations are unknown.

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.

Local Government Impact

The fiscal implication to units of local government cannot be determined. Since the funding is unknown, any future grants that would go to counties; how much any county would receive in future grants; and amounts that would be necessary for local match requirements is not possible to determine.

Source Agencies: 304 Comptroller of Public Accounts, 575 TX Division of Emergency Management, 580 Water Development Board

LBB Staff: JMc, SMAT, MW, PBO