

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

March 21, 2023

TO: Honorable Terry Canales, Chair, House Committee on Transportation

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB1461 by Guillen (Relating to the reimbursement of excess costs incurred by a recipient of certain grants awarded by the Texas Department of Transportation.), **As Introduced**

Because the number of applicable grant funded projects that may incur excess costs and the amount of excess costs that would be reimbursable to local governments by the Department of Transportation is unknown, the potential cost to the State cannot be determined at this time.

The bill would amend the Transportation Code to require the Texas Department of Transportation (TxDOT) to reimburse a grant recipient for costs incurred by the recipient that exceed the amount of the grant awarded by TxDOT if the construction of the transportation project is managed by TxDOT. The bill would specify that this requirement applies only to a grant awarded by TxDOT for the construction of a transportation project in a county with a population of less than 25,000 or a municipality with a population of less than 15,000. The provisions of the bill would apply only to a grant awarded by TxDOT on or after the effective date of the bill, September 1, 2023.

TxDOT reports that grants administered by the department for construction of transportation projects are often determined and limited by state and federal funding formulas. Therefore, it is assumed TxDOT's ability to reimburse a county or municipality for excess costs incurred in a grant funded transportation construction project may be limited by formula funding requirements and the availability of eligible state and federal funding sources to accommodate the costs of reimbursements that would be required by the legislation. Based on information provided by TxDOT, it is assumed the agency may choose to not award all the grant funds for certain programs to provide a funding reserve for the reimbursement of excess costs that would be required by the bill or choose to not manage the construction of grant funded projects if additional funding sources are not available for making reimbursements.

Because the number of applicable grant funded projects that may incur excess costs and the amount of excess costs that would be reimbursable to a county or municipality by TxDOT is unknown, the potential cost to the State cannot be determined at this time.

Local Government Impact

It is assumed the provisions of the bill could result in a positive fiscal impact to an applicable county or municipality that may be reimbursed for costs incurred by the local government that exceed the amount of a TxDOT grant awarded for a transportation project, if construction of the project is managed by TxDOT.

Source Agencies: 601 Department of Transportation

LBB Staff: JMc, AAL, GDZ, TG