

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

March 20, 2023

TO: Honorable Tracy O. King, Chair, House Committee on Natural Resources

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB1565 by Canales (Relating to the functions of the Texas Water Development Board and continuation and functions of the State Water Implementation Fund for Texas Advisory Committee.),
As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB1565, As Introduced: a negative impact of (\$5,312,876) through the biennium ending August 31, 2025.

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:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2024	(\$5,156,438)
2025	(\$156,438)
2026	(\$156,438)
2027	(\$156,438)
2028	(\$156,438)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Change in Number of State Employees from FY 2023</i>
2024	(\$5,156,438)	2.0
2025	(\$156,438)	2.0
2026	(\$156,438)	2.0
2027	(\$156,438)	2.0
2028	(\$156,438)	2.0

Fiscal Analysis

The bill would amend several sections of the Water Code and set the next Sunset review date for the Texas Water Development Board (TWDB) to be in 2035. The bill also continues the State Water Infrastructure Fund for Texas (SWIFT) Advisory Committee for the next twelve years.

The bill would require TWDB to update its board member training manual and require board members to annually attest to receiving and reviewing the manual.

The bill would require TWDB to conduct a feasibility review of certain priority projects included in the state water plan by January 5, 2027, and by the end of each successive five-year period after that date. The feasibility review would be required to include an analysis of the implementation timeline, associated costs, land acquisition considerations, and economic impact. Based on information provided by TWDB, the agency would need to evaluate at least one hundred projects, and due to time constraints to prevent delay of delivering the state water plan, would contract out this function.

The bill would allow regional water planning groups to plan based on conditions worse than the drought of record.

The bill would require TWDB to develop and implement goals and performance metrics that would be periodically reviewed as part of a comprehensive evaluation of the agency's review of proposed projects for compliance with programmatic and design requirements.

The bill would allow TWDB to adopt a risk-based project review system when considering project applications.

The bill repeals sections 15.108, 15.218, and 15.3061 of the Water Code to eliminate unnecessary reporting requirements on the Water Loan Assistance Program, the Water Bond Insurance Program, and the Storage Acquisition Program, respectively.

The bill would take effect on September 1, 2023.

Methodology

As reflected in the table above, this analysis assumes General Revenue Funds would be necessary to cover all costs.

Based on information provided by the Sunset Advisory Commission (SAC) and TWDB, two FTEs would be needed to oversee the feasibility review. Based on the analysis of SAC, one Economist I (at \$68,047 each fiscal year) and one Engineer I (at \$51,985 each fiscal year) with estimated total benefit costs of \$36,406 each fiscal year would be needed for this purpose. SAC estimates these FTEs would oversee this work in a manner similar to the way the agency contracts out other functions. TWDB estimates the cost to contract out the feasibility review would be \$5,000,000.

Technology

No significant costs associated with technology is anticipated.

Local Government Impact

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

Source Agencies: 116 Sunset Advisory Commission, 356 Texas Ethics Commission, 580 Water Development Board

LBB Staff: JMc, KDw, MW, AJL