

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

March 30, 2023

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3582 by Harris, Cody (relating to the composition and use of money in the flood infrastructure fund.), **Committee Report 1st House, Substituted**

The fiscal implications of the bill cannot be determined due to future amounts to be transferred into the Flood Infrastructure Fund being unknown at this time.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The bill would define a rural political subdivision applying to all of Chapter 15 of Water Code and repeal the definition applying only to section 15.992 (4) of Water Code.

The bill would allow at or below market interest rate grants or loans administered by the Texas Water Development Board (TWDB) for Flood Infrastructure Fund (FIF) projects to be made for projects serving rural political subdivisions rather than areas outside of a metropolitan statistical area (MSA). The bill would also repeal section 15.531 (4) of Water Code removing the MSA definition in reference to FIF.

The bill repeals Section 2.03 of Chapter 947 (Senate Bill 7), Acts of the Eighty-Sixth Legislature, Regular Session, 2019, and the associated section 15.5341 of Water Code, and consolidates the provisions related to the use of the FIF into Section 15.534 of Water Code. The provisions state that after the adoption of the first statewide flood plan, the FIF may only be used to provide financing for flood projects included in the state flood plan. FIF money may also be awarded to several eligible political subdivisions for a single project.

The bill repeals Section 3.06 of Chapter 947 (Senate Bill 7), Acts of the Eighty-Sixth Legislature, Regular Session, 2019, and the associated section 16.4545 of Water Code, eliminating the Flood Plan Implementation subaccount of the Texas Infrastructure Resiliency Fund (TIRF). Under current law, any remaining funds on September 1, 2031, in the Hurricane Harvey subaccount of TIRF would be deposited to the Flood Plan Implementation subaccount of TIRF. The bill would direct this remaining balance to instead be transferred to the FIF on September 1, 2031.

Based on information provided by TWDB and the Comptroller of Public Accounts, the fiscal implications of the bill cannot be determined because future amounts that would be transferred to FIF from the TIRF are unknown at this time.

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.

The bill would take effect on September 1, 2023.

Local Government Impact

The fiscal implications of the bill cannot be determined at this time. The bill could have a positive fiscal impact on rural areas that receive low interest grants or loans.

Source Agencies: 304 Comptroller of Public Accounts, 580 Water Development Board

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