

BILL ANALYSIS

Senate Research Center
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S.B. 482
By: Duncan
State Affairs
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As Filed

DIGEST AND PURPOSE

Currently, state agencies receiving federal grant or project funds are allowed to keep a portion of those funds to cover local administrative costs, in a process known as “indirect cost recovery.”

Componetization of buildings that are eligible for indirect cost recovery allows accelerating depreciation on shorter-life components and increases the amount of federal dollars that agencies may withhold for indirect costs. As proposed, S.B. 482 requires state agencies receiving federal funds to break the value and estimated life of their buildings into major components when the building components are replaced. Breaking buildings into their fundamental components as an administrative approach offers invaluable management information for planning and budgeting purposes.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the comptroller of public accounts (comptroller) in SECTION 1 (Section 2101.015), Government Code, of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 2101B, Government Code, by adding Section 2101.015, as follows:

Sec. 2101.015. COMPONENTIZATION FOR AGENCY RECEIVING FEDERAL FUNDS. Defines “componentization.” Requires a state agency that receives federal funds to implement federal or joint federal and state programs to complete a componentization of any agency-owned building with a fair market value of at least \$1 million. Requires each building component as it is being replaced to be separately depreciated based on it’s individual useful life. Requires the agency, at a minimum, to complete any componentization using specific component categories and suggested useful lives. Authorizes the comptroller by rule to modify the schedule prescribed by Subsection (c).

SECTION 2. Effective date: September 1, 2001.

Makes application of this Act prospective.