

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATURE 1st CALLED SESSION - 2003

July 7, 2003

TO: Honorable David Swinford, Chair, House Committee on Government Reform

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB22 by Swinford (Relating to the abolition or oversight of certain state or regional entities.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB22, As Introduced: a positive impact of \$5,678,070 through the biennium ending August 31, 2005.

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:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$5,139,035
2005	\$539,035
2006	\$539,035
2007	\$539,035
2008	\$539,035

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable (Cost) from <i>APPROPRIATED</i> <i>RECEIPTS</i> 666	Probable (Cost) from <i>INTERAGENCY</i> <i>CONTRACTS</i> 777	Probable Revenue Gain from <i>APPROPRIATED</i> <i>RECEIPTS</i> 666
2004	\$539,035	(\$597,322)	(\$415,087)	\$597,322
2005	\$539,035	(\$568,622)	(\$395,171)	\$568,622
2006	\$539,035	(\$568,789)	(\$395,260)	\$568,789
2007	\$539,035	(\$568,917)	(\$395,348)	\$568,917
2008	\$539,035	(\$569,044)	(\$395,437)	\$569,044

Fiscal Year	Probable Revenue Gain from <i>INTERAGENCY</i> <i>CONTRACTS</i> 777	Probable Revenue Gain from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Change in Number of State Employees from FY 2003
2004	\$415,087	\$4,600,000	14.0
2005	\$395,171		14.0
2006	\$395,260		14.0
2007	\$395,348		14.0
2008	\$395,437		14.0

Fiscal Analysis

This bill would amend various statutes relating to budgetary and other fiscal management matters affecting state government and certain regional entities. For the purposes of this fiscal note, only those provisions with a fiscal impact are discussed.

Article 1 would abolish the Commission on Private Security and transfer its functions to the Department of Public Safety.

Article 2 would abolish the Office of State-Federal Relations (OSFR) and transfer its functions to the Governor's office.

Article 3 would abolish the State Aircraft Pooling Board (Board) and transfer the responsibilities to the Department of Public Safety (DPS). DPS, the Board, and the Texas Public Finance Authority (TPFA), in consultation with the Texas Building and Procurement Commission and the General Land Office, would be required to oversee the transition to DPS. The article would require the Texas Building and Procurement Commission, in consultation with DPS, to sell for fair market value all state aircraft and aircraft-related equipment, other than certain aircraft maintenance equipment and a King Air 200 aircraft. The sale proceeds would be used to pay off existing bonds issued for aircraft or related equipment. In addition, the General Land Office, in consultation with TPFA, would be required to sell certain Board facilities. Proceeds would be used to pay off existing bonds.

Article 4 would authorize the state auditor to assist the governor in drafting rules for regional planning commissions.

Methodology

The transfer of functions from the Commission on Private Security to the Department of Public Safety would generate some cost savings for items such as travel expenses for board members. These amounts are not reflected in the tables.

The provision transferring OSFR functions to the Governor's office would result in the reduction of one staff position associated with indirect administration of the Washington, D.C. office. Elimination of salary, benefits, and operating costs associated with this position would result in reduced expenditures of \$56,035.

The transfer of the Aircraft Pooling Board (Board) functions to the Department of Public Safety (DPS) would result in additional costs for DPS. DPS estimates the costs to provide the required level of services would be \$1,012,409 for fiscal year 2004 and \$963,833 for fiscal year 2005. These amounts include costs for an additional 15 full-time employees. The Conference Committee Report on House Bill 1, 78th Legislature, Regular Session, recommended that 59 percent of the Board costs be paid from appropriated receipts and 41 percent be paid from interagency contracts. It is assumed that the costs incurred by DPS for the transferred functions would be funded in a similar manner. In addition, DPS estimates it would realize an annual general revenue savings of \$483,000 for the elimination of rent and other related expenses currently paid to the Board.

The Building and Procurement Commission estimates that the sale of Board aircraft, aircraft related equipment and facilities would result in a general revenue gain of approximately \$7 million. According to DPS, \$2.2 million in bond debt exists for the King Air 200 and \$200,000 for two fuel trucks which would be transferred to DPS resulting in a net general revenue gain of \$4.6 million. The amount of the general revenue gain would be reduced by any additional outstanding bond debt on other Board assets.

According to the Building and Procurement Commission, the sale of Board facilities at Bergstrom and Mueller and the payoff of existing bond debt would not provide for any revenue gain to the general revenue fund.

It is assumed that costs of the transition team to oversee the transition of functions and assets from the Board to DPS would be accomplished within existing resources of the responsible agencies.

According to the State Auditor's Office the new requirements related to regional planning commissions could be accomplished within existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 301 Office of the Governor, 303 Building and Procurement Commission, 305 General Land Office and Veterans' Land Board, 308 State Auditor's Office, 342 Aircraft Pooling Board, 347 Public Finance Authority, 467 Texas Commission on Private Security

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