

LEGISLATIVE BUDGET BOARD
Austin, Texas

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

July 16, 2003

TO: Honorable Rodney Ellis, Chair, Senate Committee on Government Organization

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB53 by Swinford (Relating to the reorganization of, efficiency in, and other reform measures applying to state government; making an appropriation.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB53, Committee Report 2nd House, Substituted: a positive impact of \$14,624,294 through the biennium ending August 31, 2005.

Appropriations:

Fiscal Year	Appropriation out of <i>STATE HIGHWAY FUND</i> 6	Appropriation out of <i>GENERAL REVENUE FUND</i> 1
2004	(\$3,741,068)	(\$500,000)
2005	(\$3,660,494)	(\$500,000)

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$3,514,805
2005	\$11,109,489
2006	(\$570,439)
2007	(\$570,439)
2008	\$1,054,561

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND</i> 1	Probable Savings/ (Cost) from <i>GENERAL REVENUE FUND</i> 1	Probable Revenue Gain from <i>STATE HIGHWAY FUND</i> 6	Probable (Cost) from <i>STATE HIGHWAY FUND</i> 6
2004	\$3,250,000	\$264,805	\$3,741,068	(\$3,741,068)
2005	\$9,750,000	\$1,359,489	\$3,660,494	(\$3,660,494)
2006	(\$1,625,000)	\$1,054,561	\$3,660,494	(\$3,660,494)
2007	(\$1,625,000)	\$1,054,561	\$3,660,494	(\$3,660,494)
2008	\$0	\$1,054,561	\$3,660,494	(\$3,660,494)

Fiscal Year	Probable Savings from <i>CLEAN AIR ACCOUNT</i> 151	Probable Savings from <i>USED OIL RECYCLE ACCT</i> 146	Probable Savings from <i>HAZARDOUS/WASTE FEE ACCT</i> 549	Probable Revenue (Loss) from <i>OVERSIGHT WORKERS' COMP</i> 5016
2004	\$55,555	\$55,555	\$388,890	(\$27,468)

2005	\$55,555	\$55,555	\$388,890	(\$27,468)
2006	\$55,555	\$55,555	\$388,890	(\$27,468)
2007	\$55,555	\$55,555	\$388,890	(\$27,468)
2008	\$55,555	\$55,555	\$388,890	(\$27,468)

Fiscal Year	Probable Revenue Gain from New General Revenue Dedicated	Probable Savings from OVERSIGHT WORKERS' COMP 5016	Probable (Cost) from New General Revenue Dedicated	Change in Number of State Employees from FY 2003
2004	\$27,468	\$0	\$0	29.0
2005	\$27,468	\$0	\$0	29.0
2006	\$27,468	\$27,468	(\$27,468)	29.0
2007	\$27,468	\$27,468	(\$27,468)	29.0
2008	\$27,468	\$27,468	(\$27,468)	29.0

Fiscal Analysis

The bill would amend various state and local government budgetary and fiscal management statutes.

For the purposes of this fiscal note, only those bill provisions having a fiscal impact are discussed.

Article 3 states that property distributable in the course of a demutualization, rehabilitation, or related reorganization of an insurance company would be presumed abandoned on the first anniversary of the date the property becomes distributable if, on that date, (1) the last known address of the owner was known to be incorrect or the correspondence with the owner was returned by the post office, and (2) the owner had not communicated with the holder of the property.

Article 10 would abolish the State Aircraft Pooling Board (Board) and transfer the responsibilities to the Texas Department of Transportation. The article would appropriate \$3,741,068 for fiscal year 2004 and \$3,660,494 in fiscal year 2005 from the state highway fund.

Article 11 would abolish the Texas Commission on Private Security and move its functions, powers and personnel to the Department of Public Safety, and create the Texas Private Security Board. The article would appropriate \$1 million in general revenue for the 2004-05 biennium.

Article 13 would eliminate a requirement for a local solid waste management plan to include waste reduction goals. The article would also eliminate numerous reports currently required as stand-alone reports, including: used oil recycling, low-emission vehicles and alternative fuels use, and numerous reports on waste prevention, management, and disposal.

Article 16 would amend the Code of Criminal Procedure by requiring in capital cases, the members of the Board of Pardons and Paroles to perform the members' duties in clemency matters by meeting as a body and holding a hearing open to the public or accessible to the public by broadcast. The public hearings would be held at the correctional facility where the inmate is housed.

Article 17 would make changes to the organization, board membership, and functions of certain state agencies and transfer certain functions to other state agencies. This article would create the Legislative Policy Council as a state agency of the Legislature.

Article 18 would define the period after which unclaimed wages would become abandoned for the purposes of becoming state-claimed unclaimed property.

Article 20 would require the Texas Department of Insurance to conduct workers' compensation research.

Article 25 would require an election for legislation enacted by the 78th Legislature, 1st Called Session, 2003, which adds, deletes, or changes a power or duty of the governor.

Methodology

The state receives revenue from its role as custodian of unclaimed property. The change in dates that property is considered abandoned would result in an acceleration of revenue collected from abandoned property as a result of an insurance company demutualization. The annual estimated general revenue gain is \$3,250,000 for fiscal years 2004 and 2005. Annual estimated revenue losses for fiscal years 2006 and 2007 are estimated to be \$1,625,000. However, future demutualizations are expected to partially offset these amounts.

The transfer of the Aircraft Pooling Board functions to the Department of Transportation would result in an appropriation of \$3,741,068 in fiscal year 2004 and \$3,660,494 in fiscal year 2005 from the state highway fund. It is assumed that related receipts from charges to other state agencies that are deposited in the state highway fund would offset costs. The article also appropriates any State Aircraft Pooling Board unexpended balances from the 2003-04 biennium to the Department of Transportation. The General Appropriations Act, 78th Legislature, Regular Session does not appropriate these balances. The estimated amount of these balances is \$890,000 in appropriated receipts. In addition, 39 full-time equivalent positions would be added to the Department of Transportation in fiscal year 2004.

The transfer of the Texas Commission on Private Security would result in an additional general revenue appropriation of \$1 million for the 2004-05 biennium. It is assumed that \$500,000 would be appropriated for each year of the biennium.

The reduction in the number and frequency of required reports prepared by the Commission on Environmental Quality is expected to reduce costs of personnel time and printing. The proposed article is projected to result in a total cost savings to the agency of \$500,000 per year by reducing 10 full-time staff positions and miscellaneous printing expenses.

The proposed changes in clemency hearing requirements for the Board of Pardons and Paroles would likely result in increased costs associated with board member travel and in costs associated with time preparing, posting, attending, and recording clemency hearings. It is assumed that increased costs associated with members of the Board of Pardons and Paroles meeting as a body could be reasonably absorbed with current resources. In addition, the time requirements for public meetings of board members could result in a decrease in parole releases and an increase in prison populations; however, the extent of this impact cannot be determined. Depending on how the bill is implemented, new evidentiary hearings may be required.

The consolidation of functions resulting from the reorganization of the functions of the Texas Legislative Council, the Sunset Advisory Commission and the State Auditor's Office would result in cost savings. General revenue savings are estimated to be \$850,080 in fiscal year 2004 and \$1,859,489 each year thereafter. The amount of appropriation necessary to support the Legislative Policy Council would be determined by the Legislature.

The change in dates after which unclaimed wages would become abandoned for the purposes of becoming state-claimed unclaimed property is estimated to result in a general revenue gain of approximately \$6,500,000 in fiscal year 2005.

The workers' compensation research would result in additional costs of \$832,396 each year. These amounts would be appropriated to the Texas Department of Insurance for fiscal years 2004 and 2005. Each year \$804,928 would be appropriated from general revenue funds and \$27,468 would be appropriated from a new special account. The 2004-05 appropriations would be offset by a corresponding reduction in the Article XI transfer amounts in the General Appropriations Act, 78th Legislature, Regular Session. It is assumed that the costs would remain the same for fiscal years 2006 through 2008.

The cost to the state for publication of the proposition for legislation changing the powers of the governor is \$85,275.

Local Government Impact

Minimal direct fiscal implications to units of local government are anticipated.

Source Agencies: 313 Department of Information Resources, 454 Department of Insurance, 103 Legislative Council, 301 Office of the Governor, 303 Building and Procurement Commission, 304 Comptroller of Public Accounts, 405 Department of Public Safety, 582 Commission on Environmental Quality, 781 Higher Education Coordinating Board, 802 Parks and Wildlife Department

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