

LEGISLATIVE BUDGET BOARD
Austin, Texas

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

July 17, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB82 by Hamric (Relating to the abolition of the state aircraft pooling board.), As Engrossed

Estimated Two-year Net Impact to General Revenue Related Funds for HB82, As Engrossed: a positive impact of \$7,312,000 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	\$7,456,000
2005	(\$144,000)
2006	(\$144,000)
2007	(\$120,000)
2008	\$0

All Funds, Five-Year Impact:

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

Fiscal Year	Probable Savings from <i>STATE HIGHWAY FUND</i> 6	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND</i> 1	Change in Number of State Employees from FY 2003
2004	\$483,000	\$7,456,000	15.0
2005	\$483,000	(\$144,000)	15.0
2006	\$483,000	(\$144,000)	15.0
2007	\$483,000	(\$120,000)	15.0
2008	\$483,000	\$0	15.0

Fiscal Analysis

This fiscal note is being revised to reflect new information provided by the Texas Building and Procurement Commission.

The bill 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 two 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.

In addition, the Texas Building and Procurement Commission would be obliged to conduct an analysis to determine whether the cost of using charter and commercial aircraft services is more cost-effective than the services provided by the State Aircraft Pooling Board.

Methodology

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 employees or fte's. 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 savings of \$483,000 to the highway fund 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 and aircraft related equipment would result in a general revenue gain of approximately \$5.7 million. According to DPS, \$2.2 million in bond debt exists for one King Air 200 and \$200,000 for two fuel trucks which would be transferred to DPS resulting in a net general revenue gain of \$3.3 million. The amount of the general revenue gain would be reduced by any additional outstanding bond debt on other Board assets.

According to DPS, the facilities at the Austin Bergstrom International airport will continued to be used for maintenance and housing of aircraft. As a result, no revenue gain is included for the sale of those facilities.

According to the Comptroller's *e-Texas* report, *Limited Government, Unlimited Opportunity*, the fair market value of the Robert Mueller facility is \$4.3 million. No debt exists for these facilities. As a result, the state would realize a general revenue gain of \$4.3 million. Currently, the Building and Procurement Commission receives rental income for those facilities based on a lease agreement ending June 30, 2007. Once the facilities are sold the state would no longer receive that rental income.

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.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 303 Building and Procurement Commission

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