

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATURE 2nd CALLED SESSION - 2003

July 29, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB24 by Swinford (Relating to the reorganization of, efficiency in, and other reform measures applying to state government; making an appropriation.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB24, As Introduced: a positive impact of \$17,313,884 through the biennium ending August 31, 2005.

The bill would make an appropriation.

Appropriations:

Fiscal Year	Appropriation out of STATE HIGHWAY FUND 6
2004	(\$3,741,068)
2005	(\$3,660,494)

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$5,406,942
2005	\$11,906,942
2006	\$531,942
2007	\$531,942
2008	\$2,156,942

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from GENERAL REVENUE FUND 1	Probable Savings/ (Cost) from GENERAL REVENUE FUND 1	Probable Savings from CLEAN AIR ACCOUNT 151	Probable Savings from USED OIL RECYCLE ACCT 146
2004	\$3,250,000	\$2,156,942	\$55,555	\$55,555
2005	\$9,750,000	\$2,156,942	\$55,555	\$55,555
2006	(\$1,625,000)	\$2,156,942	\$55,555	\$55,555
2007	(\$1,625,000)	\$2,156,942	\$55,555	\$55,555
2008	\$0	\$2,156,942	\$55,555	\$55,555

Fiscal Year	Probable Savings from HAZARDOUS/WASTE FEE ACCT 549	Probable Revenue Gain from STATE HIGHWAY FUND 6	Probable (Cost) from STATE HIGHWAY FUND 6	Probable Revenue (Loss) from OVERSIGHT WORKERS' COMP 5016
2004	(\$388,890)	\$3,741,068	(\$3,741,068)	(\$27,468)
2005	\$388,890	\$3,660,494	(\$3,660,494)	(\$27,468)
2006	\$388,890	\$3,660,494	(\$3,660,494)	(\$27,468)
2007	\$388,890	\$3,660,494	(\$3,660,494)	(\$27,468)
2008	\$388,890	\$3,660,494	(\$3,660,494)	(\$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	(\$27,468)	17.0
2005	\$27,468	\$0	(\$27,468)	17.0
2006	\$27,468	\$27,468	(\$27,468)	17.0
2007	\$27,468	\$27,468	(\$27,468)	17.0
2008	\$27,468	\$27,468	(\$27,468)	17.0

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 9 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 11 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 or by participating in a telephone conference call as permitted by the Government Code.

Article 13 would transfer the performance review of school districts to the Legislative Audit Committee from the Comptroller of Public Accounts.. All unexpended and unobligated appropriations and employees relating to the performance review would be transferred to the Legislative Audit Committee. The article would also eliminate the authority of the Comptroller of Public Accounts to review the efficiency of state agencies.

Article 14 would define the period after which unclaimed wages would become abandoned for the purposes of becoming state-claimed unclaimed property.

Article 20 would abolish the State Aircraft Pooling Board and transfer the function to the Texas Department of Transportation (TXDOT). The article would authorize TXDOT to set rates for services at an amount sufficient to cover all costs. All related revenue would be deposited into the state highway fund. The revenue would be appropriated to TXDOT, as well as any unexpended appropriation balances for the 2002-03 biennium.

Article 21 would abolish the Research and Oversight Council on Workers' Compensation and transfer the function to the Texas Department of Insurance.

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 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.

According to the Texas Department of Criminal Justice the cost of implementing the proposed changes in clemency hearing requirements would not be significant.

The provisions transferring school district review responsibilities to the Legislative Audit Committee from the Comptroller's Office would result in cost savings. The amount currently appropriated for these functions for fiscal years 2004 and 2005 is \$3.7 million in general revenue each year, including \$2.0 million for professional fees and contracts. It is assumed that the amount of professional fees and contracts would remain the same and that other costs would be reduced by 25 percent, resulting in a general revenue savings of \$426,857 each year. The amount of full-time equivalent employees for these programs is 24.2. It is also assumed that the number of full-time equivalent employees would be reduced by 25 percent or 6. The provision eliminating the review of state agencies by the Comptrollers of Public Account would also result in costs savings. For the 2004-05 biennium, \$2.5 million in general revenue is appropriated and 19 full-time equivalent employees are allocated for this function. It is assumed that these appropriations would not be spent and a cost savings equal to the total appropriation would be realized.

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 transfer of the Aircraft Pooling Board functions to the Department of Transportation would result in additional appropriations to 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 these 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 workers' compensation research would result in additional costs of \$832,396 each year, and an additional 13 full-time equivalent employees. It is assumed that \$804,928 from general revenue and \$27,468 from the new general revenue dedicated account for this purpose would be allocated each year.

Local Government Impact

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

Source Agencies:

LBB Staff: JK, SD, GO, DLBe