

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATURE 3rd CALLED SESSION -2003

October 10, 2003

TO: Honorable David Dewhurst, Lieutenant Governor, Senate
 Honorable Tom Craddick, Speaker of the House, House of Representatives

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB7 by Swinford (Relating to the reorganization of, efficiency in, and other reform measures applying to governmental entities and certain regulatory practices.), **Conference Committee Report**

Estimated Two -year Net Impact to General Revenue Related Funds for HB7, Conference Committee Report: a positive impact of \$12,719,155 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	(\$187,629)
2005	\$12,906,784
2006	(\$1,200,756)
2007	(\$1,200,756)
2008	\$424,244

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 Revenue Gain/(Loss) from STATE HIGHWAY FUND 6	Probable Savings/ (Cost) from STATE HIGHWAY FUND 6
2004	\$0	(\$187,629)	\$2,700,000	(\$2,700,000)
2005	\$13,000,000	(\$93,216)	\$3,100,000	(\$3,100,000)
2006	(\$1,625,000)	\$424,244	\$3,100,000	(\$3,100,000)
2007	(\$1,625,000)	\$424,244	\$3,100,000	(\$3,100,000)
2008	\$0	\$424,244	\$3,100,000	(\$3,100,000)

Fiscal Year	Probable Savings from USED OIL RECYCLE ACCT 146	Probable Savings from CLEAN AIR ACCOUNT 151	Probable Savings from HAZARDOUS/WASTE FEE ACCT 549	Change in Number of State Employees from FY2003
2004	\$55,555	\$55,555	\$388,890	17.2
2005	\$55,555	\$55,555	\$388,890	18.7
2006	\$55,555	\$55,555	\$388,890	14.7
2007	\$55,555	\$55,555	\$388,890	14.7
2008	\$55,555	\$55,555	\$388,890	14.7

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.

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

The bill states that certain 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.

The bill would transfer the performance review of school districts, interscholastic competition, state agencies and state agency records management to the Legislative Budget Board from the Comptroller of Public Accounts. All unexpended and unobligated appropriations and employees relating to the reviews would be transferred to the Legislative Budget Board. Further, the bill would require the Legislative Budget Board to conduct periodic performance reviews of certain higher education institutions.

The bill would eliminate a requirement for a local solid waste management plant 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.

The bill would require the State Auditor's Office to review certain state tax settlements.

The bill would allow the Department of Transportation (TXDOT) to enter into an interagency contract with the State Aircraft Pooling Board. The contract must be for a term remaining in the 2004 -05 biennium. Such a contract shall be operated on a full cost recovery basis and may not allow for differential rates.

The bill would move forward the creation date of the 415th (Parker County), 420th (Nacogdoches County), 421st (Caldwell County) and 422nd (Kaufman County) judicial districts from September 15, 2005 to January 15, 2004.

Methodology

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 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 estimated general revenue gain is \$6,500,000 for fiscal year 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 provision transferring school district review responsibilities to the Legislative Budget Board (LBB) from the Comptroller's Office, combined with the requirement that the LBB perform certain reviews of higher education institutions, would result in cost savings. The amount currently appropriated for these functions for the 2004 -05 biennium 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 10 percent, resulting in a general revenue savings of \$170,743 each year. The amount of full -time equivalent employees for these programs is 24. It is also assumed that the number of full -time equivalent employees would be reduced by 10 percent or 2. The provision transferring the review of state agencies by the Comptroller of Public Accounts would also result in cost 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 costs would be reduced by 10 percent, resulting in a general revenue savings of \$253,501 each year. The amount of full-time equivalent employees for these programs is 19. It is also assumed that the number of full-time equivalent employees would be reduced by 10 percent or 2.

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. Total cost savings to the agency by reducing 10 full-time staff positions and miscellaneous printing expenses would be \$500,000 per year.

The requirement that the State Auditor's Office review certain tax settlements would result in a one-time administrative cost of \$288,460 to the Comptroller's office in fiscal 2004 for taxpayer notification.

It is presumed that any interagency contract entered into by the Department of Transportation and the Aircraft Pooling Board would be for the duration of the 2004-05 biennium. The contract would result in additional costs of \$2,700,000 in fiscal 2004 and \$3,100,000 each year thereafter. It is assumed that related receipts from charges to other state agencies that are deposited in the state highway fund would offset these costs. In addition, 28.7 full-time equivalent positions would be added to the Department of Transportation in fiscal year 2004.

The acceleration of the creation of the 415th, 420th, 421st and 422nd judicial districts by 19 1/2 months would result in additional costs to general revenue. Salary and benefits for each district judge would be prorated \$80,853 in fiscal 2004 and \$129,365 in fiscal 2005. The total cost for the four districts would be \$323,413 in fiscal 2004 and \$517,460 in fiscal 2005. All other costs are paid by the county.

Local Government Impact

Counties with new judicial districts would incur costs for salaries and benefits for ancillary court personnel, operating expenses and initial capital outlay to provide space, furniture and equipment.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 301 Office of the Governor, 303 Building and Procurement Commission, 304 Comptroller of Public Accounts, 305 General Land Office and Veterans' Land Board, 308 State Auditor's Office, 323 Teacher Retirement System, 327 Employees Retirement System, 403 Veterans Commission, 405 Department of Public Safety, 458 Alcoholic Beverage Commission, 551 Department of Agriculture, 601 Department of Transportation, 696 Department of Criminal Justice, 701 Central Education Agency

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