

LEGISLATIVE BUDGET BOARD
Austin, Texas

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

September 19, 2003

TO: Honorable Teel Bivins, Chair, Senate Committee on Finance

FROM: John Keel, Director, Legislative Budget Board

IN RE: **HB28** by McCall (Relating to state fiscal management, including various matters related to increasing administrative efficiency in state government; making related appropriations.), **Committee Report 2nd House, Substituted**

Estimated Two -year Net Impact to General Revenue Related Funds for HB28, Committee Report 2nd House, Substituted: a negative impact of (\$65,567,034) through the biennium ending August 31, 2005.
The bill would make an appropriation.

Appropriations:

Fiscal Year	Appropriation out of <i>GENERAL REVENUE FUND</i> 1	Appropriation out of <i>TELECOMMUNICATIONS INFRASTRUCTURE FUND</i> 345	Appropriation out of <i>TEXAS EMISSIONS REDUCTION PLAN</i> 5071	Appropriation out of <i>OVERSIGHT WORKERS' COMP</i> 5016
2004	\$63,210,034	\$2,086,025	\$3,062,248	\$64,632
2005	\$0	\$0	\$0	\$0

General Revenue -Related Funds, Five -Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	(\$65,567,034)
2005	\$0
2006	\$0
2007	\$0
2008	\$0

All Funds, Five -Year Impact:

Fiscal Year	Probable Revenue Gain from <i>GENERAL REVENUE FUND</i> 1	Probable Savings from <i>GENERAL REVENUE FUND</i> 1	Probable (Cost) from <i>GENERAL REVENUE FUND</i> 1	Probable Revenue Gain from <i>STATE HIGHWAY FUND</i> 6
2004	\$643,000	\$3,000,000	(\$69,210,034)	\$3,741,068
2005	\$0	\$0	\$0	\$3,741,068
2006	\$0	\$0	\$0	\$3,741,068
2007	\$0	\$0	\$0	\$3,741,068
2008	\$0	\$0	\$0	\$3,741,068

FiscalYear	Probable(Cost) from STATE HIGHWAY FUND 6	Probable Revenue Gain from DEPTINS OPERATING ACCT 36	Probable Savings from TELECOMMUNICATIONS INFRASTRUCTURE FUND 345	Probable(Cost) from TELECOMMUNICATIONS INFRASTRUCTURE FUND 345
2004	(\$4,384,068)	\$2,586,570	\$3,000,000	(\$2,086,025)
2005	(\$3,741,068)	\$0	\$0	\$0
2006	(\$3,741,068)	\$0	\$0	\$0
2007	(\$3,741,068)	\$0	\$0	\$0
2008	(\$3,741,068)	\$0	\$0	\$0

FiscalYear	Probable(Cost) from TEXASEMISSIONS REDUCTION PLAN 5071	Probable(Cost) from OVERSIGHT WORKERS' COMP 5016	Change in Number of State Employees from FY2002
2004	(\$3,062,248)	(\$2,651,202)	39.0
2005	\$0	\$0	39.0
2006	\$0	\$0	39.0
2007	\$0	\$0	39.0
2008	\$0	\$0	39.0

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 1 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 article would authorize the sale of State Aircraft Pooling Board real estate by the General Land Office to the Texas Department of Transportation.

Article 2 would establish a Workers' Compensation Research program at the Texas Department of Insurance (TDI). The Research and Oversight Council on Workers' Compensation is abolished and its property and references in law are transferred to TDI. The balance of the Research and Oversight Council on Workers' Compensation Account 5016 is transferred to the Texas Department of Insurance Account 36.

Article 5 would add a provision affecting the 2002 property value study to provide for state values to be used in situations where the local value is determined to be invalid and the local value exceeds the state value. The amendment would also repeal Section 403.302(m), Government Code as added by the Seventy-eighth Legislature, Regular Session which provided for redistribution of state aid for 2003-2004 lost due to recognition of higher local values for the 2002 property value study.

Article 6 would appropriate to the Comptroller of Public Accounts, from the General Revenue Fund, the amount necessary to return any available cash that was transferred to the General Revenue Fund from a fund outside the State Treasury, and to maintain the equity of the fund from which the transfer of available cash was made. The bill would limit the appropriation for paying interest on the transferred funds to \$5 million and would require that repayment of transferred revenue be made within fourteen days of the date the transfer occurred.

Article 7 would also appropriate to the Comptroller of Public Accounts an amount equal to the amount of appropriations from General Revenue and General Revenue -Dedicated accounts vetoed by the governor in House Bill 1, Seventy-eighth Legislature, Regular Session. The bill would amend Article IX, Section 11.28(a) of House Bill 1 to remove the reference to implementation of Article IX, Section 11.15, Contingency Appropriation Reduction and Contingency Appropriation, and add language to make the funds appropriated as currently directed by the governor and Legislative Budget Board under Chapter 317 Government Code.

Article 8 would repeal Rider 5 (Technology Advancement appropriation) following the appropriation

to the Supreme Court of Texas in House Bill 1, Seventy-eighth Legislature, Regular Session.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature.

Methodology

The transfer of the Aircraft Pooling Board functions to the Department of Transportation would result in additional costs of \$3,741,068 each year 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. In addition, 39 full-time equivalent positions would be added to the Department of Transportation in fiscal year 2004. The sale by the General Land Office of State Aircraft Pooling Board real estate to the Texas Department of Transportation would cost the Department and the State Highway Fund \$643,000 in fiscal year 2004 and would generate for General Revenue Fund the same amount during fiscal year 2004.

The workers' compensation research would result in additional costs of \$832,396 each year. Should appropriation authority be granted, TDI is authorized to increase maintenance taxes to fund the research activities, resulting in a net fiscal impact of zero. Further, \$2,586,570 is transferred to TDI from GR Account 5016 to GR Account 36 for the purposes of conducting workers' compensation research (this is the balance of Account 5016 as of August 31, 2003). This amount would be available to TDI should appropriation authority be granted. However, in the absence of such authority, TDI indicates that they would absorb the research responsibilities within their existing budget without an increase in FTEs.

The provision related to the property value study and redistribution of Foundation School aid among districts would have a net fiscal impact on the state.

For purposes of this estimate, it was assumed that no borrowing from outside the treasury would be necessary in the 2004-05 biennium. The amount of the vetoed appropriations in House Bill 1 that would be appropriated to the Comptroller of Public Accounts is \$66,210,034 from the General Revenue account and \$5,212,905 from General Revenue - Dedicated accounts in fiscal year 2004.

The repeal of the Supreme Court of Texas appropriation rider for technology advancement would result in a net savings of \$3,000,000 in fiscal year 2004 for the Telecommunications Infrastructure Fund.

Local Government Impact

The provisions related to the property value study would shift approximately \$3.8 million in revenue among school districts.

Source Agencies: 304 Comptroller of Public Accounts, 701 Central Education Agency

LBB Staff: JK, JO, WP, SD, EB, RS