

LEGISLATIVE BUDGET BOARD
Austin, Texas

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

September 17, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: SB2 by Ogden (Relating to the organization, board membership, and functions of certain governmental agencies and to the transfer of certain functions to other governmental agencies.), **As Introduced**

Estimated Two -year Net Impact to General Revenue Related Funds for SB2, As Introduced: a positive impact of \$14,360,716 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	\$680,358
2005	\$13,680,358
2006	(\$944,642)
2007	(\$944,642)
2008	\$680,358

All Funds, Five -Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable Savings/ (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable Savings from <i>USED OIL RECYCLE</i> <i>ACCT</i> 146	Probable Savings from <i>CLEAN AIR</i> <i>ACCOUNT</i> 151
2004	\$0	\$680,358	\$55,555	\$55,555
2005	\$13,000,000	\$680,358	\$55,555	\$55,555
2006	(\$1,625,000)	\$680,358	\$55,555	\$55,555
2007	(\$1,625,000)	\$680,358	\$55,555	\$55,555
2008	\$0	\$680,358	\$55,555	\$55,555

Fiscal Year	Probable Savings from <i>HAZARDOUS/WASTE</i> <i>FEE ACCT</i> 549	Change in Number of State Employees from FY 2003
2004	\$388,890	(18.0)
2005	\$388,890	(18.0)
2006	\$388,890	(18.0)
2007	\$388,890	(18.0)
2008	\$388,890	(18.0)

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 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.

Article 8 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.

Article 10 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.

Article 11 would define the period after which unclaimed wages would become abandoned for the purposes of becoming state-claimed unclaimed property.

Article 15 would repeal Section 1575.163 of the Insurance Code that prohibits the Teacher Retirement System (TRS) from excluding certain hospitals from its health insurance plan network.

Article 23 would prohibit the reduction in 2004-05 appropriation to the Department of Public Safety (DPS) that would otherwise result from the retirement of certain employees.

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 \$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 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 saving to the agency of \$500,000 per year by reducing 10 full-time staff positions and miscellaneous printing expenses.

The provision transferring school district review responsibilities to the Legislative Budget Board from the Comptroller's Office 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 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 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 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.

According to TRS, allowing TRS to exclude certain hospitals from its networks would have no significant fiscal implications.

The provision prohibiting appropriations reductions to DPS would have no significant fiscal impact.

Local Government Impact

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

Source Agencies: 301 Office of the Governor, 303 Building and Procurement Commission, 304 Comptroller of Public Accounts, 305 General Land Office and Veterans' Land Board, 323 Teacher Retirement System, 327 Employees Retirement System, 403 Veterans Commission, 405 Department of Public Safety, 458 Alcoholic Beverage Commission, 601 Department of Transportation, 701 Central Education Agency

LBB Staff: JK, JO, WP, SD, GO, DLBe