

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 12, 2003

TO: Honorable Chris Harris, Chair, Senate Committee on Administration

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB2582 by Jones, Elizabeth (Relating to the development and implementation of a Texas music compact disc project by the Texas Commission on the Arts.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2582, As Engrossed: an impact of \$0 through the biennium ending August 31, 2005.

General Revenue-Related Funds, Five-Year Impact:

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

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/ (Loss) from <i>GR-Dedicated-Arts Operating Account 334</i>	Probable Savings/(Cost) from <i>GR-Dedicated-Arts Operating Account 334</i>	Probable Revenue Gain/ (Loss) from <i>Cultural Endowment Fund Outside Treasury</i>
2004	\$37,175	(\$37,175)	\$743,500
2005	\$87,970	(\$87,970)	\$1,015,900
2006	\$152,635	(\$152,635)	\$1,293,300
2007	\$152,635	(\$152,635)	\$1,293,300
2008	\$152,635	(\$152,635)	\$1,293,300

Fiscal Analysis

The bill enables the Texas Commission on the Arts to develop and implement the Texas Music Project. The project will result in a series of compact discs of music by well-known and emerging Texas artists. The purpose of the project is to generate revenue for the Texas Cultural Endowment Fund and to support music education projects in Texas.

Methodology

The total anticipated net revenue from the project is \$743,500 in FY 2004, \$1,015,900 in FY 2005, and \$1,293,300 in FY 2006 and subsequent years. This revenue includes CD sales at \$7.75 per unit and anticipated sales of 30,000 units in FY 2004, 40,000 units in FY 2005, and 50,000 units in FY 2006 and subsequent years as well as private donations associated with the project.

Based on a projected interest rate of five percent, approximately \$37,175 would be generated in the first year and \$87,970 in FY 2005, and \$152,635 in FY 2006 and each fiscal year thereafter. Under current law, these amounts would be transferred to the General Revenue-Dedicated Arts Operating Account No. 334 for appropriation by the legislature. These amounts would be used to provide grants for music education projects.

It is anticipated that the project would cost \$174,000 in FY 2004, \$254,100 in FY 2005, and \$334,200 in FY 2006 and subsequent years. These costs include CD production, printing costs, and advertising and public relations associated with the project. According to the agency, these costs would be paid for by a third-party contractor and would not be part of the agency's budget. Therefore, for the purposes of this fiscal note, these costs are netted out of the revenue amounts shown here.

Technology

There will be a minimal technological impact for web development.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 813 Commission on the Arts

LBB Staff: JK, SD, CL, MS, JF