

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 10, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB3002 by Swinford (Relating to the fees of, and other financial matters applying to, state governmental entities.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3002, As Introduced: a positive impact of \$60,028,143 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	\$29,871,663
2005	\$30,156,480
2006	\$30,336,000
2007	\$30,336,000
2008	\$30,336,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND 1</i>	Probable Savings/ (Cost) from <i>GENERAL REVENUE FUND 1</i>	Probable Revenue Gain/(Loss) from <i>FOUNDATION SCHOOL FUND 193</i>	Probable Revenue Gain from <i>WATER RESOURCE MANAGEMENT 153</i>
2004	\$4,577,000	\$24,535,663	\$759,000	\$24,535,663
2005	\$4,577,000	\$24,820,480	\$759,000	\$24,820,480
2006	\$4,577,000	\$25,000,000	\$759,000	\$25,000,000
2007	\$4,577,000	\$25,000,000	\$759,000	\$25,000,000
2008	\$4,577,000	\$25,000,000	\$759,000	\$25,000,000

Fiscal Analysis

The bill would require the Texas Animal Health Commission (TAHC) to set and collect fees to recover at least 25 percent of TAHC's biennial costs. The bill would also amend various chapters of the Occupations Code to increase fees for landscape architects, interior designers, land surveyors, and property tax professionals by \$200. Of this amount, \$50 would be deposited to GR Account 0193—Foundation School; and \$150 would be deposited to the General Revenue Fund 0001. The bill would also require the Railroad Commission of Texas (RRC) to establish fees for regulatory and administrative functions and services necessary to cover its expenses for each fiscal year. The fees would be in addition to other sources of revenue collected by the RRC including interest, penalties, fines, awards or settlements, donations, federal programs, and other similar sources. The bill would also establish fees for regulatory and administrative functions and services necessary to cover the expenses of the Texas Commission on Environmental Quality (TCEQ) for each fiscal year. The fees would be in addition to other sources of revenue

collected by TCEQ, including interest, penalties, fines, awards or settlements, donations, federal programs, and other similar sources.

The bill would require the Texas Transportation Institute to state whether state highway fund money could be used in lieu of general revenue money when submitting budget requests to the legislature, Legislative Budget Board, or Texas Higher Education Coordinating Board.

The bill would allow a state agency that saved general revenue in a fiscal year to notify the Comptroller's Office by October 30 of the next fiscal year. The Comptroller's Office would verify the savings no later than 60 days following the notice. The agency could then keep half of the verified savings up to 1 percent of its general revenue appropriation. The agency could only spend the money on an activity that did not create new or expanded services or require ongoing funding at a later date.

The bill would require the State Auditor's Office to develop and implement fraud awareness training at state agencies. The bill would then require agencies to implement the fraud awareness training developed by the State Auditor's Office and to require agencies to provide new employees fraud awareness training within the first 90 days of employment. The bill would allow the Comptroller to verify that appropriate fraud awareness training had been provided for dealing with gifts or grants.

The bill would require the Legislative Budget Board to develop performance measures to be used by state agencies in the appropriations process. The bill further requires the Legislative Budget Board and the Governor's Office of Budget and Planning to develop recommendations for improving the strategic planning process.

The bill would require agencies to submit letters providing assurance about their risk assessment and financial control systems.

This bill would take effect September 1, 2003.

Methodology

The above tables reflect annual general revenue gains from (1) the increased Texas Animal Health Commission fees of \$2.3 million per year, and (2) the annual \$200 fee on landscape architects, interior designers, land surveyors and property tax professionals, \$2.3 million of which would be deposited to general revenue, and \$0.8 million deposited to the Foundation School Fund Account.

The Commission on Environmental Quality indicates that it would raise various fees by approximately \$25 million to offset the loss of general revenue. Such fees would be deposited to the credit of the Water Resource Management Account; the general revenue offset would represent a savings to general revenue.

The Railroad Commission indicates fees would be increased by \$27.5 million per year to offset the loss of general revenue. This offset is not reflected above.

Costs of the Texas Transportation Institute may shift from general revenue to the State Highway Fund, but the effect would depend on the agency's analysis of whether particular budget items requested fit the state constitutional requirements for the use of highway funds.

SECTION 3 of the bill would fully implement the recommendation GG 17 from the Comptroller's *e-Texas* report, *Limited Government, Unlimited Opportunity*. GG 17 would create a savings incentive program for state agencies. According to the Comptroller, the fiscal impact cannot be estimated. Agencies have lapsed up to a total of \$300 million to the General Revenue Fund (excluding the Texas Education Agency's appropriation for the Foundation School Program), but the amount varies every year. This incentive would possibly promote more savings at the agency level.

The State Auditor's Office indicated there would be no impact to implement the fraud awareness program. The Legislative Budget Board and the Governor's office indicate that there would be no

impact to develop strategic planning measures. These programs, as well as the risk assessment for state agencies, could generate indirect savings for state agencies.

Local Government Impact

The Commission on Environmental Quality projects local governmental entities will pay approximately \$12.7 million annually in additional fees. This projection is based on an average of the General Revenue requests for fiscal years 2004-2005 multiplied by the percentage (51.29 percent) of water fees typically paid by local governmental entities.

Source Agencies: 301 Office of the Governor, 303 Building and Procurement Commission, 304 Comptroller of Public Accounts, 308 State Auditor's Office, 320 Texas Workforce Commission, 337 Board of Tax Professional Examiners, 353 Texas Incentive and Productivity Commission, 455 Railroad Commission, 459 Board of Architectural Examiners, 464 Board of Professional Land Surveying, 554 Animal Health Commission, 582 Commission on Environmental Quality, 727 Texas Transportation Institute, 781 Higher Education Coordinating Board

LBB Staff: JK, GO, WP