

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 29, 2003

TO: Honorable Tom Craddick, Speaker of the House, House of Representatives

FROM: John Keel, Director, Legislative Budget Board

IN RE: **HB3441** by Pickett (Relating to a reduction in expenditures of certain state governmental entities, including changes affecting the Commission on Human Rights, attorney general's office, management of certain accounts and funds, and certain election-related forms.), As Passed 2nd House

Estimated Two-year Net Impact to General Revenue Related Funds for HB3441, As Passed 2nd House: a negative impact of (\$1,980,432) 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	(\$990,216)
2005	(\$990,216)
2006	\$556,404
2007	\$556,404
2008	\$556,404

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/ (Cost) from <i>GENERAL REVENUE FUND 1</i>	Probable Savings/ (Cost) from <i>General Revenue Dedicated</i>	Probable Revenue Gain from <i>General Revenue Dedicated</i>	Probable Revenue (Loss) from <i>FEDERAL FUNDS 555</i>
2004	(\$990,216)	(\$1,786,357)	\$14,010,204	(\$1,546,620)
2005	(\$990,216)	(\$928,389)	\$799,600	(\$1,546,620)
2006	\$556,404	(\$175,324)	\$789,100	\$0
2007	\$556,404	(\$1,522,147)	\$799,600	\$0
2008	\$556,404	(\$131,246)	\$789,100	\$0

Fiscal Year	Change in Number of State Employees from FY 2003
2004	(3.5)
2005	(8.5)
2006	(8.5)
2007	(8.5)
2008	(8.5)

Fiscal Analysis

The bill would transfer the functions of the Human Rights Commission to the Texas Workforce Commission; transfer the Crime Victims Institute from the Office of the Attorney General to Sam Houston State University; repeal provisions requiring certain agencies to reimburse the General Revenue Fund for workers' compensation payments; allow the Legislature to fund Texas Incentive and Productivity Commission (TIPC) operating expenses with agency savings from employee suggestions; and allow General Government agencies to charge fees to recover operating expenses and establishes a notification requirement for fee increases.

The bill would amend statute to allow, but not require, the distribution of the premarital handbook by the Office of the Attorney General; and repeal provisions which require agencies, with funds outside the state treasury, to reimburse the General Revenue Fund for workers' compensation payments made by the State Office of Risk Management (SORM) to former or current employees. In addition, regarding funds administered by the Preservation Board, the bill would designate the Comptroller of Public Accounts as trustee of the Capitol Trust Fund, which is held outside the state treasury; create the General Revenue-Dedicated Capitol Account for all deposits other than donations and securities; create the General Revenue -Dedicated Capital Renewal Account for the maintenance and preservation of the Capitol, the General Land Office Building, their contents and their grounds; and provide for the transfer of funds from the Capitol Account to the Capital Renewal Account. The bill would also repeal the requirement for the Ethics Commission to send forms to filers and local filing authorities.

The bill would allow each state agency receiving appropriations under Article I of the General Appropriations Act to reduce or recover expenditures by collecting fees or charges to recover costs, if the agency provides written notice to the Legislative Budget Board before the 60th day preceding the effective date of the increase. The bill would take effect immediately upon a two-thirds vote of all members of each house, otherwise the bill would take effect September 1, 2003.

Methodology

Transfer to of the duties of the Commission on Human Rights to the Texas Workforce

Commission. The Commission on Human Rights reports that the state could lose up to two years of federal funding from the federal Equal Employment Opportunity Commission (\$729,480/year) and the Department of Housing and Urban Development (\$817,140/year) since another state agency, such as the Workforce Commission would need to be certified by these two federal agencies prior to being eligible to receive federal funds. In fiscal years 2004 and 2005, it is assumed that General Revenue funds (\$1,546,620) would be used to fund employment and housing discrimination cases. However this amount would be reduced by savings generated by the elimination of 13 administrative FTEs, estimated at \$520,000 each fiscal year, including salaries and benefits.

Crime Victims Institute. Based on expenditure levels for fiscal year 2003, \$257,956 each fiscal year could be saved out of the General Revenue-Dedicated Crime Victims Compensation Account No. 469 if the Attorney General no longer performed this function. This savings would be offset by amounts appropriated to Sam Houston State University (\$288,903 in fiscal year 2004 and \$306,162 each fiscal year thereafter) to continue operations of the Institute.

Creation of Certain General Revenue-Dedicated Accounts for the Preservation Board. Currently there are three funds held outside the state treasury under the authority of the Preservation Board. The bill would bring two of the three accounts, the Capitol Trust Fund and the Capital Renewal Fund, into the state treasury, and create General Revenue Dedicated Accounts for each respective account. The Museum Fund would continue to be held outside the state treasury. Assumptions for the fiscal note include the deposit of fiscal year 2003 fund balances from the Capitol Trust Fund and the Capitol Renewal Fund.

Ethics Commission.. Repeal of the provision relating to the distribution of forms to filers and local filing authorities is estimated to save \$36,404 per fiscal year in General Revenue Fund by eliminating the costs associated with printing and filing.

State Office of Risk Management (SORM)/Workers' Compensation Payments. Repeal of the Labor Code provisions requiring agencies and institutions with funds outside the state treasury to reimburse the General Revenue Fund for workers' compensation payments is not expected to have a significant impact on assessments charged agencies and institutions participating in the Workers' Compensation pool.

Note: Because the bill would create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside the Treasury, or create a dedicated revenue source, the fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current legislature.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: JK, JO, SD, ZS, MS