

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 15, 2005

**TO:** Honorable Harvey Hilderbran, Chair, House Committee on Culture, Recreation, & Tourism

**FROM:** John S. O'Brien, Deputy Director, Legislative Budget Board

**IN RE: HB1291** by Hilderbran (Relating to authorizing the issuance of not more than \$10 million in revenue bonds for the purchase and retirement of certain commercial fishing, shrimping, and crabbing licenses.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1291, As Introduced: an impact of \$0 through the biennium ending August 31, 2007.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The bill would amend Chapter 12 of the Parks and Wildlife Code to authorize the issuance of \$10 million in revenue bonds, or other revenue obligations, to finance the purchase and retirement of commercial bay and bait shrimp, commercial finfish, and commercial crab fishing licenses. The Texas Parks and Wildlife Department (TPWD) could not pay more than \$7,500 per license purchased and retired.

Revenue from the fees and surcharges collected for the saltwater sportfishing stamp would be used to debt service of the bonds. However, the Texas Public Finance Authority (TPFA) suggests that revenue from this source may not be pledged directly to debt service without voter approval of a constitutional amendment. Further, TPFA suggests that the proposed financing of revenue bonds may be problematic under Chapter 1232 of the Government Code, as the proposed use would not be financing an asset that can be leased.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, the bill would take effect on September 1, 2005.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	\$0
2007	\$0
2008	\$0
2009	\$0
2010	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from GAME,FISH,WATER SAFETY ACCOUNT 9	Probable Savings/(Cost) from BOND PROCEEDS 854
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2006	\$206,667	(\$1,400,000)
2007	\$96,750	(\$1,400,000)
2008	\$98,750	(\$1,400,000)
2009	\$97,750	(\$1,400,000)
2010	\$94,000	(\$1,400,000)

**Fiscal Analysis**

The fiscal implication to the state includes \$10 million in bond proceeds issued in 2006, which could buy back a total of 1,333 licenses at \$7,500 per license. The cost of debt service from the General Revenue-Dedicated Game, Fish and Water Safety Account No. 9 would total \$6,406,083 over the 5-year period covered by the fiscal note (fiscal years 2006-2010). This cost would be offset by savings to the General Revenue-Dedicated Game, Fish and Water Safety Account No. 9 of \$7,000,000 over the same 5-year period due to the use of bond proceeds in the same amount (\$7,000,000) being used for license buy backs, rather than Account No. 9 expenditures. The net savings to Account No. 9 over the 5-year period would be \$593,917.

**Methodology**

This estimate is based on the following assumptions:

- 1) One bond issue in the amount of \$10.0 million would take place on September 1, 2005. This estimate assumes a 5 percent interest rate and 10-year level principal amortization schedule.
- 2)The Texas Department of Parks and Wildlife(TPWD) indicates that they would spend bond proceeds for license buyback programs at the same rate at which they currently spend appropriations out of General Revenue-Dedicated Game, Fish and Water Safety Account No. 9 for this purpose, or \$1.4 million per fiscal year.
- It is assumed that the use of bond proceeds will not increase the amount expended on the program, since the license buyback program is voluntary and the cap of \$7,500 will limit the number of licenses that commercial fishermen would be willing to sell.
- 3) Revenue from saltwater stamp sales (estimated to be \$4.6 million per year by the TPWD) will be sufficient to cover debt service.
- 4) The estimated net savings to Game, Fish and Water Safety Account No. 9 between fiscal years 2006 and 2010 total \$593,917 (\$7.0 million in planned license buyback expenditures less \$6.4 million in debt service requirements).
- 5) Total interest paid on \$10.0 million in revenue bonds, assuming a 10-year level principal amortization schedule, is estimated to be \$2.3 million.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 347 Public Finance Authority, 802 Parks and Wildlife Department

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