

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 29, 2005

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

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

IN RE: HB3062 by Hilderbran (Relating to the creation of the Texas State Music History Museum.),
As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB3062, As Introduced: a negative impact of (\$173,240) through the biennium ending August 31, 2007.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	(\$87,370)
2007	(\$85,870)
2008	(\$85,870)
2009	(\$75,190)
2010	(\$73,690)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE FUND</i> 1	Change in Number of State Employees from FY 2005
2006	(\$87,370)	1.0
2007	(\$85,870)	1.0
2008	(\$85,870)	1.0
2009	(\$75,190)	1.0
2010	(\$73,690)	1.0

Fiscal Analysis

The bill creates the Texas State Music History Museum.

Methodology

The bill requires the Music, Film, Television, and Multimedia Office within the Office of the Governor to establish a request for proposal process and develop criteria to select contractors for the construction and operation of the museum. The bill specifies that proposals must not require money appropriated by the state.

The bill requires the music office to hire a museum operator to manage the operation of the museum and permits the museum operator to hire any necessary personnel. Further, the bill allows the music office to change the museum operator after a period of time specified by the music office. One FTE (at a salary of \$50,000 per fiscal year) would be hired by the Governor's Office to act as museum

operator. In addition, start-up costs for the advisory board and advisory council and travel costs for the operator are estimated at \$15,000 per fiscal year. This results in a cost of \$173,240 to general revenue for the 2006-07 biennium.

The bill permits the museum operator to develop and produce films and musical recordings and retain royalties or receive revenue from the production, distribution, exhibition, or sale of those films and recordings. The bill authorizes the museum operator to license and sell music from the museum's website, host live musical performances and establish a museum membership program. The bill permits the museum operator to operate a gift shop, food services, and ATMs as well as providing parking and tour services. The bill requires that all money and securities received by the museum be held outside the treasury in the Texas State Music History Museum fund, managed by the Comptroller of Public Accounts.

The bill requires that to the extent possible, costs of operating the museum are to be paid from revenues generated by the museum. In addition, the bill authorizes the legislature to appropriate money to the Texas State Music History Museum fund to operate the museum.

The bill requires the state auditor, based on a risk assessment, to review the annual report on the fund, and report any findings or recommendations to the museum and the legislative audit committee. No significant fiscal impact is anticipated as these activities will be absorbed in the State Auditor's Office existing budget.

This analysis assumes that the museum operator will contract for the construction and operation of the Texas State Music History Museum, and the contractor will incur the costs for construction and operation and would be reimbursed from receipts deposited to the Texas State Music History Museum fund. It is further assumed that the contract would stipulate that the state would own the museum facility.

Technology

No impact to technology resources is anticipated from implementation of the bill.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 300 Trusteed Programs Within the Office of the Governor, 304 Comptroller of Public Accounts, 308 State Auditor's Office, 601 Department of Transportation, 808 Historical Commission, 809 Preservation Board, 813 Commission on the Arts

LBB Staff: JOB, WK, MS, SMi