

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 6, 2005

TO: Honorable Frank Corte, Jr., Chair, House Committee on Defense Affairs & State-Federal Relations

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

IN RE: HB3224 by Riddle (Relating to benefits for certain members of the United States armed forces and the Texas National Guard and their survivors.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3224, Committee Report 1st House, Substituted: a negative impact of (\$10,504,513) 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.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	(\$8,016,741)
2007	(\$2,487,772)
2008	(\$463,772)
2009	(\$463,772)
2010	(\$48,516)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/ (Loss) from <i>GENERAL REVENUE FUND 1</i>	Probable Revenue Gain/ (Loss) from <i>Texas Service Members' Memorial Account</i>	Probable Savings/(Cost) from <i>Texas Service Members' Memorial Account</i>
2006	(\$8,016,741)	\$8,016,741	(\$8,016,741)
2007	(\$2,487,772)	\$2,487,772	(\$2,487,772)
2008	(\$463,772)	\$463,772	(\$463,772)
2009	(\$463,772)	\$463,772	(\$463,772)
2010	(\$48,516)	\$48,516	(\$48,516)

Fiscal Analysis

The bill would amend the Government Code and the Transportation Code to create the Texas Service Members' Memorial Account (TSMMA) within the General Revenue Fund. Money from the fund would only be used to pay benefits to surviving family members of certain military personnel dying in overseas service between September 11, 2001, and August 1, 2007. The bill would require a payment of \$50,000 to the eligible survivors of certain decedents. The bill would require the Comptroller of Public Accounts (CPA) and the Adjutant General's Department (AGD) to administer payments of the benefits authorized by the bill.

In addition to the \$50,000 death benefit payment to survivors, the bill requires payments to certain survivors for the cost of tuition, fees, and books required to attend an institution of higher education. These payments would be drawn first from gifts and grants, second from the sale of license plates, and last from unclaimed lottery proceeds. In addition, the Legislature may transfer money into the account or appropriate funds to implement the benefits.

The bill would amend the Transportation Code to allow the issuance of a new specialty "Support Our Troops" license plate. The Texas Department of Transportation (TxDOT) would be required to design, manufacture, and issue the new specialty license plate and would be required to charge \$43 (or an amount TxDOT establishes as reasonable to recover administrative costs) for the issuance of the new license plate and to deposit \$35 of each fee collected to the credit of the TSMMA.

The bill would amend Section 466.408 of the Government Code to establish the TSMMA as the third priority for the use of unclaimed lottery prizes.

The bill would create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either within or outside of the Treasury, or create a dedicated revenue source. Therefore, the fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

The bill would take effect immediately upon receiving a two-thirds majority vote in each house, or September 1, 2005.

Methodology

Based upon reports from the U.S. Department of Defense, approximately 153 Texas residents serving in the military have died while in service overseas since September 11, 2001. Assuming that all qualified recipients will receive the \$50,000 death benefit payment under the terms of the bill, the 2006 death benefit portion of the bill would cost approximately \$7,650,000 (153 payments X \$50,000 = \$7,650,000). Assuming an annual death rate of 44 Texas military personnel, and that all qualified recipients would receive the \$50,000 payment, the 2007 death benefit portion of the bill would cost approximately \$2,024,000 (44 payments X \$50,000 X 92%, because the bill covers deaths occurring for 11 months of fiscal year 2007 = \$2,024,000).

For the purposes of this analysis, it is assumed that each decedent would have one qualified survivor who would use the benefits to attend four years of college and that the payments would be made on an annual basis, rather than in a single lump sum. The Higher Education Coordinating Board reports an average annual cost of \$2,397 for tuition, fees, and books at a Texas institution of higher education.

The 2006 estimated cost of the school-related benefits portion of the bill would be \$366,741 (153 payments X \$2,397). Assuming an annual death rate of 44 Texas military personnel in 2007, and that all qualified recipients would receive the tuition, fees, and book payments, the 2007, 2008, and 2009 cost of the school-related benefit portion of the bill would be approximately \$463,772 ((44 payments X \$2,397 X 92% because the bill covers deaths in 11 months of fiscal year 2007) = \$97,031 + \$366,741 for the second year of benefits for the 2006 beneficiaries). Assuming that eligible students would attend only four years of college, the 2010 cost of this portion of the bill would be \$48,516 for the beneficiaries still attending school (\$97,031 annual cost of school benefits X 50% because the benefits expire six months into fiscal year 2010).

The CPA reports that in fiscal year 2004, unclaimed lottery revenue from prizes amounted to \$41.6 million. After funding the first two priorities from that amount, the CPA estimates \$15 million would be eligible for transfer to the TSMMA under the bill.

For the purposes of this analysis, it is assumed that \$35 of each "Support Our Troops" specialty license plate fee would be deposited into the TSMMA from September 1, 2006 to March 1, 2010, but that such revenues are not estimated to be significant. Based on the analysis of the Texas Department of Transportation, it is assumed that implementing this provision of bill could be accomplished using existing resources.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 401 Adjutant General's Department

LBB Staff: JOB, KJG, VDS, AM