

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 30, 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 the creation of the Texas service members memorial fund and the use of other sources of money to provide benefits to survivors of certain members of the United States armed forces.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3224, As Introduced: a negative impact of (\$9,850,000) 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	(\$7,650,000)
2007	(\$2,200,000)
2008	(\$1,650,000)
2009	\$0
2010	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/ (Loss) from GENERAL REVENUE FUND 1	Probable Revenue Gain/ (Loss) from New General Revenue Dedicated	Probable Savings/(Cost) from New General Revenue Dedicated
2006	(\$7,650,000)	\$7,650,000	(\$7,650,000)
2007	(\$2,200,000)	\$2,200,000	(\$2,200,000)
2008	(\$1,650,000)	\$1,650,000	(\$1,650,000)
2009	\$0	\$0	\$0
2010	\$0	\$0	\$0

Fiscal Analysis

The bill would amend the Government Code and the Transportation Code to create a Dedicated Account called the Texas Service Members Memorial Fund (TSMMF) in the General Revenue Fund to pay benefits for surviving family member of certain military Veterans. The bill would require a payment of \$50,000 to the eligible survivor of an individual who served as a member of the United States Armed Forces or the Texas National Guard who joined the military while residing in Texas, and died after September 11, 2001, and before August 1, 2007, while receiving hazardous duty pay. The bill would require the Comptroller of Public Accounts and the Adjutant General to administer the

payments of the benefits authorized by the bill.

The bill would amend the Transportation Code to allow the issuance of a new specialty license plate that would include the words, "Support Our Troops" and depict a yellow ribbon. 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 a new license plate and to deposit \$35 of each fee collected to the credit of the TSMMF.

The bill would amend Section 466.408 of the Government Code by adding subsection (b-1) to establish transferring revenues to cover the payment of benefits to the TSMMF as the second priority for the use of unclaimed lottery prizes after funding for the Department of State Health Services state-owned-multi-categorical teaching hospital. The bill would prioritize funding for the Health and Human Services Commission inpatient hospital services among hospitals located near the Texas-Mexico border third and then depositing additional amounts to the credit of the General Revenue Fund as the fourth priority.

The bill would amend the Transportation Code to require the use of the State Highway Fund No. 0006, except as prohibited by the Texas Constitution or federal law, for the payment of benefits if funds from the specialty license plate fees and the unclaimed lottery prizes deposited to the credit of the TSMMF were insufficient to pay for the benefits.

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 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. If the bill does not receive a two-thirds majority vote in each house, the bill would take effect September 1, 2005. The provisions of the bill would expire May 31, 2008.

Methodology

Based on the analysis of the Comptroller of Public Accounts, it is assumed that certain portions of unclaimed prize money from the Texas Lottery Commission would be deposited to the credit of the Texas Service Members Memorial Fund (TSMMF) to make necessary payments for benefits and that the proceeds from the "Support Our Troops" specialty license plates also would be deposited to the credit of the TSMMF. It is also assumed that amounts would be appropriated to the Comptroller of Public Accounts and to the Adjutant General to pay survivors of military personnel from the TSMMF.

For the purposes of this analysis, it is assumed that the issuances of specialty license plates would result in \$35 of each fee collected being deposited to the credit of the TSMMF from September 1, 2006, through May 31, 2008, but that revenues deposited to the credit of the newly created General Revenue Dedicated Account from the issuance of the plates would be insignificant. Based on the analysis of the Department of Transportation, it is assumed that the provisions of implementing this provision of the bill could be accomplished utilizing existing resources.

Based on reports from the U.S. Department of Defense regarding the number of deaths of those in military service in Afghanistan or Iraq since September 11, 2001, nine Texas residents have died serving in the military in Afghanistan, and 144 have died in Iraq, through March 2, 2005. It is assumed that all qualified recipients will apply for and receive the appropriate payment under the terms of this bill.

For 2006, the loss to General Revenue and subsequent increase to the TSMMF is based on the death of 153 military personnel from Texas (between 9/11/01 and 3/2/05) times \$50,000 paid to one survivor or the pro rata portion of that amount to the eligible survivors of the individual.

For 2007, the loss to General Revenue and subsequent increase to the TSMMF is based on the average

annual death rate of 44 military personnel from Texas times \$50,000 paid to one survivor or the pro rata portion of that amount to the eligible survivors of the individual.

For 2008, the loss to General Revenue and subsequent increase to the TSMMF is based on the death of 33 military personnel over a 9 month period (due to the expiration date of May 1, 2008) from Texas times \$50,000 paid to one survivor or the pro rata portion of that amount to the eligible survivors of the individual.

Based on the Comptroller's Biennial Revenue Estimate for fiscal years 2006-07, unclaimed Lottery Prizes are estimated to total approximately \$49.3 million in each fiscal year. Under current law in the General Appropriations Act, \$10.0 million per year in unclaimed lottery proceeds is allocated for the Multi-categorical Teaching Hospital Account. Therefore, \$39.3 million would be available in General Revenue each year for making necessary transfers to the TSMMF to cover all necessary benefit payments.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 362 Texas Lottery Commission, 401 Adjutant General's Department, 601 Department of Transportation

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