

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 21, 2005

TO: Honorable David Swinford, Chair, House Committee on State Affairs

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

IN RE: HB3285 by Swinford (Relating to the abolition of the State Aircraft Pooling Board and the principal part of its functions.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3285, Committee Report 1st House, Substituted: a positive impact of \$12,365,000 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	\$12,365,000
2007	\$0
2008	\$0
2009	\$0
2010	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from GENERAL REVENUE FUND 1
2006	\$12,365,000
2007	\$0
2008	\$0
2009	\$0
2010	\$0

Fiscal Analysis

The provisions of the bill amend the Government Code to allow the Texas Department of Public Safety (DPS) to enter into an interagency contract with a state agency or university to provide aircraft fuel or aircraft maintenance services on a cost recovery basis.

The provisions require Texas Building and Procurement Commission (TBPC) to sell for fair market value all state aircraft and aircraft-related equipment formerly under the custody of the State Aircraft Pooling Board (SAPB). If bonds were issues in connection with acquiring the aircraft, proceeds from the sale should pay off the bonds.

The provisions also transfer all fuel and fuel storage equipment from SAPB to DPS and it may employ aircraft mechanics currently employed by the SAPB currently operated by the Texas Department of Transportation (TXDOT).

The bill would take effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If the bill does not receive the vote necessary for immediate effect, the bill would take effect September 1, 2005.

Methodology

According to TXDOT, the market value of the twelve SAPB aircraft is estimated to be \$12,365,000. According to Texas Public Finance Authority (TPFA), one aircraft has a current master lease purchase payment (MLPP) payoff amount (including principal, interest and administration fees) of approximately \$2,043,000. The net value therefore is \$10,322,000; however, current ongoing costs are not included in the tables. According to TBPC, surplus property would recover a purchaser fee for the sale, the program is not anticipating a revenue gain because the proceeds would likely be transferred to the General Revenue Fund since the program has sufficient revenue to recover its costs without the aircraft sale.

Allowing DPS to retain the hangar and office space at Austin-Bergstrom International Airport would require DPS to assume a portion of the operational cost of this facility, currently funded by TXDOT.

For the purposes of this analysis, it is assumed that saving realized by TXDOT from State Highway Fund 06 would now be incurred by DPS and not shown in the table above. The provisions of the bill only allow for mechanic personnel to be employed by DPS and are included in this analysis. According to DPS, the current salaries and benefit costs for 10 maintenance personnel, which consist of 3 helicopter mechanics, 3 airplane mechanics, 1 avionics technician, and 3 line crew personnel are \$504,067. DPS estimates utility costs associated with the operation of the facility are \$307,800 and other operating expenses of \$9,900 each fiscal year. It is estimated that any additional costs could be absorbed by DPS.

Any additional savings realized by TXDOT from State Highway Fund 06 would be used for highway related projects and not included in this analysis.

The Texas Parks and Wildlife Department indicates that any costs associated with the bill could be absorbed within agency resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 303 Building and Procurement Commission, 305 General Land Office and Veterans' Land Board, 405 Department of Public Safety, 601 Department of Transportation, 710 Texas A&M University System Administrative and General Offices, 802 Parks and Wildlife Department

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