

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**May 17, 2007**

**TO:** Honorable Steve Ogden, Chair, Senate Committee on Finance

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

**IN RE: HB12** by Hilderbran (Relating to the funding, powers, duties, and responsibilities of the Parks and Wildlife Department and the Texas Historical Commission.), **As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds for HB12, As Engrossed:** a negative impact of (\$165,164,000) through the biennium ending August 31, 2009.

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
2008	(\$80,512,000)
2009	(\$84,652,000)
2010	(\$88,847,000)
2011	(\$93,294,000)
2012	(\$97,946,000)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND 1</i>	Probable Revenue Gain/(Loss) from <i>STATE PARKS ACCT 64</i>	Probable Savings/ (Cost) from <i>STATE PARKS ACCT 64</i>	Probable Revenue Gain/(Loss) from <i>LOCAL PARKS ACCOUNT 467</i>
2008	(\$80,512,000)	\$62,763,347	(\$2,393,331)	\$34,364,192
2009	(\$84,652,000)	\$65,643,131	(\$2,393,331)	\$947,932
2010	(\$88,847,000)	\$68,691,173	(\$409,333)	\$1,539,427
2011	(\$93,294,000)	\$71,784,506	(\$289,158)	\$2,166,454
2012	(\$97,946,000)	\$75,020,438	(\$289,158)	\$2,822,386

Fiscal Year	Probable Savings/ (Cost) from <i>LOCAL PARKS ACCOUNT 467</i>	Probable Revenue Gain/(Loss) from <i>PARKS/WILDLIFE CAP ACCT 5004</i>	Probable Revenue Gain/(Loss) from <i>Historic Site Account New GR-D Account</i>	Probable Revenue Gain/(Loss) from <i>Large County and Municipality Recreation and Parks New GR-D Account</i>
2008	(\$34,000,000)	\$57,613	\$6,750,720	\$10,576,128
2009	\$0	\$96,529	\$6,999,120	\$10,965,288
2010	\$0	\$135,962	\$7,250,820	\$11,359,618
2011	\$0	\$177,764	\$7,517,640	\$11,777,636
2012	\$0	\$221,492	\$7,796,760	\$12,214,924

<b>Fiscal Year</b>	<b>Probable Savings/ (Cost) from Historic Site Account New General Revenue Dedicated Account</b>	<b>Change in Number of State Employees from FY 2007</b>
2008	(\$2,968,000)	28.7
2009	(\$4,452,000)	43.0
2010	(\$4,452,000)	49.3
2011	(\$4,452,000)	49.3
2012	(\$4,452,000)	49.3

## **Fiscal Analysis**

The bill would amend Chapter 442 of the Government Code to transfer 18 historical sites from the Texas Parks and Wildlife Department (TPWD) to the Texas Historical Commission (THC) effective January 1, 2008.

The THC would be required to prepare base operating plans for each site prior to the transfer of the site. An interim study committee would provide a report related to the base operating plans to the House Committee on Culture, Recreation, and Tourism no later than September 1, 2008. However, the planning and reporting process would be an advisory function that would not prevent the transfer of any of the historic sites.

The bill would amend Section 151.801(c) of the Tax Code to remove the current \$32 million cap on the use of proceeds from the sporting goods sales tax (SGST). Total SGST proceeds would be credited as follows: 94% to the TPWD, and 6% to the THC. It would also amend the Parks and Wildlife Code Chapters 11 and 24 such that the portion of the SGST credited to the TPWD would be allocated as follows: 74 percent to the State Parks Account No. 64; 15 percent to the Texas Recreation and Local Parks Account No. 467; 10 percent to a new Large County and Municipality Recreation and Parks Account; and 1 percent to the Parks and Wildlife Conservation and Capital Account No. 5004.

The bill would allow the Legislature to adjust the percentage of SGST allocated to the TPWD and THC in future appropriations to reflect transfer of other historical sites and the associated savings or costs to each agency

The THC credit would be deposited into a new "Historic Site Account" consisting of SGST deposits, transfers to the account, interest earnings, fees and other revenue from historic sites, and grants and donations to the THC. Money in the new account would be used by the THC to administer, operate, preserve, repair, expand, and maintain historic sites, and acquire a historical item appropriate to a historic site.

The bill would waive any restrictions on the use of money in the two of the accounts administered by the TPWD (i.e. the account for local parks and the account for state park capital projects) so that a one-time appropriation of unencumbered balances from the two accounts could be used to repair, renovate, and maintain state historic sites and state parks. This appropriation would have to be authorized by a rider in the General Appropriations Act for the 2008-2009 biennium, contingent on passage of House Bill 12 or similar legislature.

The bill would require TPWD to accept a gift of real property (16 acres owned by Zavala County) and to develop or fund development of a park on the site.

Both the new Historic Site Account, and the new Large County and Municipality Recreation and Parks Account, as dedicated accounts in the General Revenue Fund, would be subject to funds consolidation review by the current legislature under Section 403.094 of the Government Code.

The bill would add certain state park management-related provisions -- such as requirements to create an equipment review system, a maintenance provider review system, and a facility management plan and priorities list to be submitted to the Legislature at the beginning of each legislative session.

The equipment review system would involve an annual assessments to determine whether

maintenance equipment has become outdated. Outdated equipment identified would be sold and the proceeds would be deposited to the appropriate agency account.

The maintenance provider review would entail annual assessments to determine whether maintenance tasks performed by the agency could be done by a third-party contractor in a more cost-effective manner.

Finally, the bill would require the TPWD to comply with the recommendations contained in the State Auditor's "An Audit Report on Financial Processes at the Parks and Wildlife Department", Report No. 07-02, contingent on the agency receiving sufficient funding to implement the recommendations.

## **Methodology**

The 2008-09 estimate of sporting goods sales tax revenue from the Comptroller's Office are as follows:

Fiscal Year 2008: \$112,512,000

Fiscal Year 2009: \$116,652,000

The loss to the General Revenue Fund was calculated by subtracting these estimated amounts from the current \$32.0 million per year statutory allocation of SGST to TPWD. The same approach, the 2008-09 Comptroller estimate less \$32.0 million, was used for fiscal years 2010 through 2012.

The 6 percent allocation of SGST proceeds for the Historic Site account is reflected in the fiscal impact table.

The combined effect of eliminating the Sporting Goods Sales Tax cap along with the new percentage allocations are reflected as revenue gains to the State Parks Account No. 64, the Texas Recreation and Local Parks Account No. 467, the new Large County and Municipality Recreation and Parks Account; and the Parks and Wildlife Conservation and Capital Account No. 5004.

As a base of reference, TPWD is estimated to expend \$1,911,000 for site specific operating costs, and \$637,000 in direct and indirect administrative costs, for a total of \$2,548,000, to operate the 18 historic sites in fiscal year 2007. TPWD uses an estimated 57 full-time equivalent (FTE) positions to manage the sites. This includes 47 site-specific FTEs and 10 direct and indirect administrative FTEs.

The Texas Historical Commission has indicated that the total annual cost to administer the 18 historic sites would be approximately \$7.0 million, and require 100 FTEs. Funding for the THC's historic site operations and administration would be paid out of the new Historic Site Account's 6 percent allocation from the Sporting Goods Sales Tax. However, the net cost to the state is \$4,452,000 or \$7.0 million less the \$2.5 million per year currently spent by the TPWD for the 18 historic sites, and is reflected in the fiscal impact table. The net increase of 43 FTEs, i.e. the 100 FTEs projected by the THC less 57 FTEs currently employed by the TPWD are reflected in the fiscal impact table.

Because the transfer of the 18 historic sites would occur by January 1, 2008, the fiscal year 2008 amounts are pro-rated accordingly (i.e. two-thirds of the annual costs and FTEs for that year).

Also, the Commission has indicated that approximately \$34.0 million would be necessary for one time costs, such repairs and restoration of the sites, associated with the transfer. The bill allows for unencumbered balances in the Texas Recreation and Local Parks Account Number 467 and the Texas Conservation and Capital Account Number 5004 to be used for these repairs. The balances in these two accounts as of August 31, 2007 total \$39.9 million. The costs of the repairs (\$34 million) is reflected in the fiscal impact table as a cost to the Texas Recreation and Local Parks Account Number 467.

The equipment and maintenance provider reviews, as well as the implementation of the State Auditors Office March 2007 audit of the TPWD, would result in additional costs to the agency. However, the agency is unable to quantify these amounts.

TPWD has indicated that the 2008-09 biennial cost to develop the 16 acres of donated land in Zavala is \$4,786,661, with that amount split evenly between the two fiscal years. Ongoing operational costs for the site are estimated at \$409,333 in fiscal year 2010 and \$289,158 in each year thereafter. The fiscal impact table reflects these amounts as costs to State Parks Account Number 64. TPWD estimates a total of 6.33 FTEs would be required to manage the site.

Finally, TPWD projects that \$130,000 per year would be generated from park entrance fees at this site starting in fiscal year 2010. This annual operating revenue has been added to the State Parks Account Number 64 revenue gain in the fiscal note table.

### **Local Government Impact**

The bill would increase funding for local park grants overall by \$11.0 million in fiscal year 2008, with increasing gains in future years.

**Source Agencies:** 802 Parks and Wildlife Department, 347 Public Finance Authority, 808 Historical Commission

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