

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 18, 2007

TO: Honorable Jim Keffer, Chair, House Committee on Ways & Means

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

IN RE: **HB2487** by Taylor (Relating to the establishment of the coastal erosion response account as a special account within the general revenue fund and the allocation of certain revenue received by this state under Section 8(g), Outer Continental Shelf Lands Act, and from the Limited Sales, Excise, and Use Tax Act to the General Land Office.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2487, As Introduced: a negative impact of (\$36,007,000) 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	(\$17,850,000)
2009	(\$18,157,000)
2010	(\$18,480,000)
2011	(\$18,845,000)
2012	(\$19,244,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from GENERAL REVENUE FUND 1	Probable Revenue Gain/(Loss) from COASTAL EROSION RESPONSE	Probable Savings/ (Cost) from COASTAL EROSION RESPONSE	Change in Number of State Employees from FY 2007
2008	(\$17,850,000)	\$17,850,000	(\$7,874,012)	38.0
2009	(\$18,157,000)	\$18,157,000	(\$7,874,012)	38.0
2010	(\$18,480,000)	\$18,480,000	(\$7,874,012)	38.0
2011	(\$18,845,000)	\$18,845,000	(\$7,874,012)	38.0
2012	(\$19,244,000)	\$19,244,000	(\$7,874,012)	38.0

Fiscal Analysis

The bill would dedicate one-third of the revenue from the Outer Continental Shelf Lands Act (OCSLA) and 50 percent of the sales tax revenue collected on sporting goods in certain coastal counties to the General Revenue-Dedicated Coastal Erosion Response Account. The bill would also provide that money in the Coastal Erosion Response Account could be used for the administration of the Coastal Management Program.

Methodology

According to the Comptroller, 50 percent of the sales tax revenues from the coastal counties specified in the bill and one-third of the OCSLA revenue would transfer from the General Revenue Fund to the Coastal Erosion Response Account in the amount of \$17.9 million in fiscal year 2008, increasing to \$19.2 million in fiscal year 2012.

Because under current law authority for the General Land Office (GLO) to spend funds, in excess of interest earnings, from the General Revenue-Dedicated Coastal Protection Account No. 27 will expire on August 31, 2007, the GLO expects a shortfall of \$7.9 million in available funding per fiscal year (including benefits), beginning on September 1, 2007, for its Coastal Management Program and Coastal Erosion Control Program, based on expenditure levels for these programs in the 2006-07 biennium. This estimate assumes that if the proposed legislation were enacted, funding from the Coastal Erosion Response Account would be used instead to fund these programs and costs associated with the 38 full-time employees working in coastal erosion control and coastal management which the GLO would otherwise not have funds to sustain beyond fiscal year 2007. If the Legislature chooses not to appropriate any of the funds for coastal erosion and coastal management, there would be no cost to the Coastal Erosion Response Account resulting from the bill's passage.

It should be noted that the Coastal Erosion Response Account would be subject to funds consolidation in Government Code, Chapter 403.

Local Government Impact

Local governments in coastal areas could realize positive fiscal impacts from the bill's passage because the GLO would have additional funds available to provide in coastal erosion control grants. It is estimated that \$4.3 million could be available to such local governments each fiscal year, if funds from the Coastal Erosion Response Account would be appropriated to the GLO.

Source Agencies: 304 Comptroller of Public Accounts, 305 General Land Office and Veterans' Land Board

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