LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION
Revision 1

May 10, 2007

TO: Honorable Kip Averitt, Chair, Senate Committee on Natural Resources

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

IN RE: **HB2819** by Ritter (Relating to the management of coastal public land.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2819, Committee Report 2nd House, Substituted: a negative impact of ($9,304,246) 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	($4,752,623)
2009	($4,551,623)
2010	($4,752,623)
2011	($4,551,623)
2012	($4,752,623)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from *GENERAL REVENUE FUND* 1	Probable Revenue Gain/(Loss) from *General Revenue-Dedicated Coastal Erosion Response Account*	Probable Savings/ (Cost) from *GENERAL REVENUE FUND* 1	Probable Savings/ (Cost) from *New General Revenue Dedicated*
2008	($17,830,000)	$17,830,000	$13,077,377	($13,077,377)
2009	($17,629,000)	$17,629,000	$13,077,377	($13,077,377)
2010	($17,830,000)	$17,830,000	$13,077,377	($13,077,377)
2011	($17,629,000)	$17,629,000	$13,077,377	($13,077,377)
2012	($17,830,000)	$17,830,000	$13,077,377	($13,077,377)

Fiscal Analysis

The bill would authorize the use of the state sales tax on sporting goods and revenues from certain federal offshore oil and gas leases for the administration of the state Coastal Management Program administered by the General Land Office.

The bill would allocate 50 percent annually of the state sales tax on sporting goods collected in 18 coastal counties to the General Revenue-Dedicate Coastal Erosion Response Account established by Natural Resources Code. The bill would authorize the use of the state sales tax on sporting goods and revenues from certain federal offshore oil and gas leases for the administration of the state Coastal

Management Program administered by the General Land Office.

The bill would allocate 50 percent annually of the state sales tax on sporting goods collected in 18 coastal counties to the General Revenue-Dedicated Coastal Erosion Response account established by Natural Resources Code, Section 33.604. The use of these funds would be expanded to include the administration of the state Coastal Management Program. The bill also would provide that one-third of the revenue received by Texas under the provisions of Section 8(g) of the Federal Outer Continental Shelf Lands Act are to be deposited to the Coastal Erosion Response Account.

The bill would define coastal counties to include: Aransas, Brazoria, Calhoun, Cameron, Chambers, Galveston, Harris, Jackson, Jefferson, Kenedy, Kleberg, Matagorda, Nueces, Orange, Refugio, San Patricio, Victoria and Willacy Counties.

Methodology

The state sales tax collected on sporting goods and the Federal Outer Continental Shelf Lands Act funds are deposited to the General Revenue Fund under current law. According to the General Land Office, $27.6 million per year is collected in sporting goods sales taxes in the coastal counties defined by the bill. This estimate assumes that $13.8 million, or 50 percent, of that amount would transfer from the General Revenue Fund to the General Revenue-Dedicated Coastal Erosion Response Account upon passage of the bill.

The GLO also reports that the Outer Continental Shelf Lands Act funds will total $12.1 million in fiscal years 2008, 2010, and 2012, and $11.5 million in fiscal years 2009 and 2011. This estimate assumes that one-third of these amounts, or $4,030,000 in fiscal years 2008, 2010, and 2012 and $3,829,000 in fiscal years 2009 and 2011 would also transfer from the General Revenue Fund to the Coastal Erosion Response Account.

This estimate assumes that upon passage of the bill, appropriations to the General Land Office for the Coastal Management Program out of the General Revenue Fund of $12.5 million per fiscal year and related benefits of an estimated $577,377 per fiscal year (amounts based on action taken by the Conference Committee on House Bill 1) would instead be made out of the Coastal Erosion Response Account. This estimate assumes that the remaining $4.6 million to $4.8 million per fiscal year would remain in the General Revenue-Dedicated Coastal Erosion Response Account unappropriated.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 305 General Land Office and Veterans' Land Board

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