

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 22, 2007

TO: Honorable Harvey Hilderbran, Chair, House Committee on Culture, Recreation, & Tourism

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

IN RE: HB3113 by Cook, Byron (Relating to the transfer of the Texas State Railroad to, and the creation of, the Texas State Railroad Authority.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3113, Committee Report 1st House, Substituted: a positive impact of \$2,163,824 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	\$1,081,912
2009	\$1,081,912
2010	\$1,081,912
2011	\$1,081,912
2012	\$1,081,912

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from <i>STATE PARKS ACCT</i> 64	Probable Savings/ (Cost) from <i>STATE PARKS ACCT</i> 64	Probable Savings/ (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Change in Number of State Employees from FY 2007
2008	(\$1,184,980)	\$1,184,980	\$1,081,912	(42.9)
2009	(\$1,184,980)	\$1,184,980	\$1,081,912	(42.9)
2010	(\$1,184,980)	\$1,184,980	\$1,081,912	(42.9)
2011	(\$1,184,980)	\$1,184,980	\$1,081,912	(42.9)
2012	(\$1,184,980)	\$1,184,980	\$1,081,912	(42.9)

Fiscal Analysis

The bill would amend the Special District Local Laws Code relating to the transfer of the Texas State Railroad (TSR) to the newly created Texas State Railroad Authority (TSRA) as defined and proposed. The bill would direct the Texas Parks and Wildlife Department (TPWD) to transfer the TSR to the TSRA no later than October 1, 2007. The TSRA would have the ability to acquire facilities or property, enter into a contract to manage or operate the TSR with a private entity, and to accept grants or donations. The bill would take immediate effect if the bill receives two-thirds the vote of all members, otherwise, the bill would take effect September 1, 2007.

Methodology

This estimate assumes 12 months of cost savings beginning on September 1, 2007. For fiscal year 2007, site-specific operating costs of the TSR were budgeted at \$1,864,011 and estimated fringe benefits for 27.9 site-specific FTEs cost another \$262,202 for a total of \$2,126,213 in savings expected in fiscal year 2008 and each year thereafter. Hourly FTEs working at the TSR in fiscal year 2007 total 11.0. Additionally, this estimate assumes that the Rusk-Palestine State Parks would also transfer to the TSRA as part of the Texas State Railroad Operations, beginning on September 1, 2007. For fiscal year 2007, site specific operating costs of the park units were budgeted at \$119,886 and estimated fringe benefits for 1.0 site specific FTE cost another \$20,793 for a total of \$140,679 in savings expected in fiscal year 2008 and each year thereafter. Hourly FTEs work at the park units in fiscal year 2007 total 4.0. Together, the cost savings for both the TSR and the Rusk-Palestine State Parks would total \$2,266,892 in fiscal year 2008 and each year thereafter. Of this amount, the General Revenue Fund (including the allocation from the Sporting Goods Sales Tax) would have provided \$1,081,912 and the State Parks Account would have provided \$1,184,980. Also, the number of regular and hourly FTEs reduced from the state payroll would be 42.9 in fiscal year 2008 and each year thereafter.

According to the most recent revenue figures provided by TPWD, annual revenue at the Texas State Railroad totals \$1,073,780 and at the two parks totals \$111,200 for a combined total of \$1,184,980. This amount is shown as an annual revenue loss to the State Parks Account No. 64 in fiscal year 2008 and each year thereafter. In this estimate, the asset value of tools, equipment, materials and supplies that would be transferred to the Texas State Railroad Authority is not addressed.

Finally, based on information from the Texas Public Finance Authority (TPFA), future (i.e., due after September 1, 2007) bond debt service requirements on TSR capital projects funded with revenue bonds total \$928,965. Additionally, future (i.e., due after September 1, 2007) bond debt service requirements on TSR capital projects funded with general obligation bonds \$865,577. TPFA may have additional requirements with respect to a final determination of how best to structure payments to retire this debt service. These amounts are not reflected in the fiscal impact tables above.

Local Government Impact

It is assumed that costs to local governmental entities for participating in the Texas State Railroad Authority would depend on the size and type of the projects that are approved. The bill would also grant the authority the ability to operate and maintain the Texas State Railroad, including operating concessions, museums, and campgrounds associated with the Texas State Railroad. Under the bill the authority could establish fees, enter into contracts, and obtain grants and donations.

Source Agencies: 352 Bond Review Board, 304 Comptroller of Public Accounts, 802 Parks and Wildlife Department

LBB Staff: JOB, WK, ZS, TB, KJG