

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 17, 2007

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

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

IN RE: SB900 by Deuell (Relating to the continuation and functions of the Texas Historical Commission.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB900, Committee Report 2nd House, Substituted: 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 Revenue Gain/(Loss) from <i>LOCAL PARKS ACCOUNT 467</i>	Probable Savings/ (Cost) from <i>LOCAL PARKS ACCOUNT 467</i>
2008	(\$80,512,000)	\$29,504,512	\$63,504,512	(\$34,000,000)
2009	(\$84,652,000)	\$31,061,153	\$31,061,153	\$0
2010	(\$88,847,000)	\$32,638,474	\$32,638,474	\$0
2011	(\$93,294,000)	\$34,310,547	\$34,310,547	\$0
2012	(\$97,946,000)	\$36,059,700	\$36,059,700	\$0

Fiscal Year	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 Savings/ (Cost) from <i>Historic Site Account New GR-D Account</i>	Change in Number of State Employees from FY 2007
2008	\$14,752,256	\$6,750,720	(\$4,452,000)	43.0
2009	\$15,530,574	\$6,999,120	(\$4,452,000)	43.0
2010	\$16,319,232	\$7,250,820	(\$4,452,000)	43.0
2011	\$17,155,266	\$7,517,640	(\$4,452,000)	43.0
2012	\$18,029,840	\$7,796,760	(\$4,452,000)	43.0

Fiscal Analysis

The bill would continue the Texas Historical Commission (THC) for 12 years. It would require the THC to adopt rules and develop guidelines governing the relationship between the agency and associated nonprofit organizations. It is anticipated that the agency could accomplish this requirement using existing resources.

The bill would require the agency to develop statewide themes for the historical marker program, limit the number of markers awarded each year, and establish rules for the marker application process. A limit in the number of historical makers awarded could result in a reduction in appropriated receipts received by the agency for the marker program. However, no significant fiscal impact to the state is anticipated because these appropriated receipts are used to cover the costs of awarded markers. It is anticipated that the agency could accomplish required changes to the historical marker program using existing resources.

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 bill would waive any restrictions on the use of money in 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, 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 Senate Bill 900 or similar legislature.

It 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.

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 new Historic Site Account would be subject to funds consolidation review by the current legislature under Section 403.094 of the Government Code.

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 the 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 TPWD's 94 percent credit from the SGST would be distributed as dictated by current law to the three current General Revenue Dedicated park-related accounts -- State Parks Account No. 64, the Texas Recreation and Local Parks Account No. 467, and the Parks and Wildlife Conservation and Capital Account No. 5004. However, the allocation amounts to the three accounts would be higher given the removal of the SGST cap of \$32 million. These higher allocation amounts are

reflected in the fiscal impact table.

Regarding the historic sites transfer, 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 TPWD for the 18 historic sites and is included in the fiscal impact table above. The net increase of 43 FTEs, i.e. the 100 FTEs projected by the THC less the 57 FTEs currently employed by TPWD, are reflected in the FTE column above.

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 unexpended balances in the Texas Recreation and Local Parks Account No. 467 and the Texas Conservation and Capital Account No. 5004 to be used for these repairs. The balances in these two accounts as of August 31, 2007 total \$39.9 million. The cost of the repairs (\$34.0 million) is reflected in the fiscal impact table above as a cost to the Texas Recreation and Local Parks Account No. 467.

Local Government Impact

The bill would increase funding for local park grants overall by \$31 million in fiscal year 2009, with increasing gains in future years.

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

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