

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 9, 2007

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

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

IN RE: SB1933 by Watson (Relating to the creation of the Texas State Music History Museum.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill creates the Texas State Music History Museum. The bill requires the Music, Film, Television, and Multimedia Office within the Office of the Governor to establish a request for proposal process and develop criteria to select contractors for the construction and operation of the museum. The bill specifies that proposals must not require money appropriated by the state.

The bill requires the music office to hire a museum operator to manage the operation of the museum and permits the museum operator to hire any necessary personnel. Further, the bill allows the music office to change the museum operator after a period of time specified by the music office.

The bill permits the museum operator to develop and produce films and musical recordings and retain royalties or receive revenue from the production, distribution, exhibition, or sale of those films and recordings. The bill authorizes the museum operator to license and sell music from the museum's website, host live musical performances and establish a museum membership program. The bill permits the museum operator to operate a gift shop, food services, and ATMs as well as providing parking and tour services. The bill requires that all money and securities received by the museum be held outside the treasury in the Texas State Music History Museum fund, managed by the Comptroller of Public Accounts.

The bill requires that to the extent possible, costs of operating the museum are to be paid from revenues generated by the museum. In addition, the bill authorizes the legislature to appropriate money to the Texas State Music History Museum fund to operate the museum. This analysis assumes ongoing operating costs would be paid for using amounts deposited to the Texas State Music History Museum fund held outside the state treasury, while some initial start-up costs would be paid for using state funds appropriated to Trusteed Programs within the Office of the Governor. However, it is estimated that the agency could cover these initial costs using available resources. Therefore, no significant fiscal impact to the state is anticipated.

The bill requires the state auditor, based on a risk assessment, to review the annual report on the fund, and report any findings or recommendations to the museum and the legislative audit committee. No significant fiscal impact is anticipated as these activities will be absorbed in the State Auditor's Office existing budget.

This analysis assumes that the museum operator will contract for the construction and operation of the Texas State Music History Museum, and the contractor will incur the costs for construction and operation and would be reimbursed from receipts deposited to the Texas State Music History Museum fund. It is further assumed that the contract would stipulate that the state would own the museum facility.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 301 Office of the Governor, 304 Comptroller of Public Accounts, 308 State Auditor's Office, 808 Historical Commission, 300 Trusteed Programs Within the Office of the Governor, 601 Department of Transportation, 809 Preservation Board, 813 Commission on the Arts

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