

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**April 3, 2009**

**TO:** Honorable Dennis Bonnen, Chair, House Committee on Land & Resource Management

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

**IN RE: HB3971** by Ritter (Relating to the funding of certain activities of the General Land Office pertaining to the management of coastal public land. ), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3971, Committee Report 1st House, Substituted: a positive impact of \$28,137,554 through the biennium ending August 31, 2011.

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
2010	\$14,068,777
2011	\$14,068,777
2012	\$14,068,777
2013	\$14,068,777
2014	\$14,068,777

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue Gain/(Loss) from <i>Coastal Protection Acct</i> 27	Probable Savings/ (Cost) from <i>Coastal Protection Acct</i> 27	Probable Savings/ (Cost) from <i>General Revenue Fund</i> 1	Probable Savings/ (Cost) from <i>Sporting Good Tax- State</i> 400
2010	\$22,860,000	(\$22,860,000)	\$1,471,973	\$12,596,804
2011	\$24,602,000	(\$24,602,000)	\$1,471,973	\$12,596,804
2012	\$24,110,000	(\$24,110,000)	\$1,471,973	\$12,596,804
2013	\$23,628,000	(\$23,628,000)	\$1,471,973	\$12,596,804
2014	\$36,130,000	(\$36,130,000)	\$1,471,973	\$12,596,804

**Fiscal Analysis**

The bill would expand the allowable uses of the General Revenue-Dedicated Coastal Protection Account No. 27 to include funding of the state's coastal management program, allowing revenue to the account to be used to support the Texas Coastal Management Program at the General Land Office (GLO). The bill would increase the per-barrel fee imposed on oil transported through state waters from \$0.0133 (1-1/3 cent) to \$0.035 (3-1/2 cent) per barrel. Upon certification by the Land Commissioner that the unencumbered balance of the account is less than \$20 million, an unauthorized discharge of oil greater than 100,000 barrels has occurred within the past 30 days and expenditures for response costs are expected to substantially deplete the fund, the per barrel fee would be set at \$0.065

(6-1/2 cents) until the balance in the account reaches \$20 million.

### **Methodology**

The amounts shown in the table above for the Probable Revenue Gain to the Coastal Protection Account No. 27 were estimated by the Comptroller of Public Accounts and represent the estimated revenue gain from an increase in the per barrel fee rate from 1-1/3 cent to 3-1/2 cent.

Under current law, the GLO is limited to using interest on the Coastal Protection Account No. 27 for coastal erosion response projects. Because the bill would remove that restriction and allow for the use of the funds for the Coastal Management Program, this estimate assumes that funds currently received by the GLO from the Parks and Wildlife Department through an Interagency Contract, which allocates a portion of the Sporting Goods Sales Tax (SGST) Transfer to the State Parks Account No. 64 for coastal erosion projects, would cease and funding for coastal programs would shift to the Coastal Protection Account No. 27. The SGST Transfer to the State Parks Account No. 64 would therefore experience a savings equal to the amount of the Interagency Contract (\$12,596,804 per fiscal year), and the General Revenue Fund would experience a savings equal to the corresponding benefits (\$1,471,973 per fiscal year), since the benefits for the Interagency Contract are reportedly paid from General Revenue. The Coastal Protection Account No. 27 would experience a cost equal to the Interagency Contract Amount plus the benefits amount. In addition, this estimate assumes that the remaining new revenue generated as a result of the bill's passage (\$8.8 million in 2010; \$10.5 million in 2011; \$10.0 million in 2012; \$9.6 million in 2013; and \$22.0 million in 2014) would be appropriated to the GLO for additional coastal protection projects.

This estimate does not assume an unauthorized discharge of oil in excess of 100,000 gallons. Therefore no impacts of the 6-1/2 cent per barrel are included in this estimate.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 305 General Land Office and Veterans' Land Board, 802 Parks and Wildlife Department, 808 Historical Commission

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