

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 15, 2009

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

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

IN RE: HB3986 by Bonnen (relating to the closure of certain man-made passes between the Gulf of Mexico and inland bays by the commissioner of the General Land Office.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3986, Committee Report 1st House, Substituted: a negative impact of (\$1,350,000) 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	(\$6,000,000)
2011	\$4,650,000
2012	\$150,000
2013	\$150,000
2014	\$150,000

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>General Revenue Fund</i> 1	Probable Revenue Gain from <i>General Revenue Fund</i> 1	Probable Savings from <i>Sporting Goods Tax-State</i> 400
2010	(\$6,000,000)	\$0	\$0
2011	\$0	\$4,500,000	\$150,000
2012	\$0	\$0	\$150,000
2013	\$0	\$0	\$150,000
2014	\$0	\$0	\$150,000

Fiscal Analysis

The bill would amend the Natural Resources Code relating to the closure of manmade passes between the Gulf of Mexico and inland bays. The bill would authorize the Commissioner of the Land Office to close Rollover Pass, located in a narrow section of the Bolivar Peninsula adjacent to the Gulf of Mexico, if the Commissioner determines that the manmade pass causes or contributes to significant erosion to the adjacent beach shoreline, and the General Land Office receives funding for this purpose. The bill would provide that should Rollover Pass be closed, the Commissioner and the Texas Parks and Wildlife Department shall work with the county and municipality, if applicable, to develop other local public recreational opportunities. The bill would take effect September 1, 2009.

Methodology

The General Land Office (GLO) indicates it would contract with a third party vendor for engineering, design, permitting and actual project construction. Closure would be accomplished by pumping in sand and completing shore protection on the Gulf of Mexico side of the project for an estimated cost of \$6.0 million from General Revenue. The GLO indicates a vendor has provided a bid of \$6.0 million for the proposal, which covers 300,000 cubic yards of sand, barge and crane crew and equipment for 60 days, rock plug stabilization during construction, and all other necessary environmental contingency, engineering and permitting estimates to complete the project. For this substitute, the GLO reports that it has learned it is likely that 75 percent of the costs of the Rollover Pass project would be reimbursed by federal funds. Accordingly, this analysis shows a credit to General Revenue of \$4,500,000 in fiscal year 2011 from federal funds, although it should be noted that such funds have not been received or awarded at this time.

In addition, starting in fiscal year 2011 and each year thereafter, the closure of Rollover Pass, will result in savings of an estimated \$150,000 per fiscal year in the Sporting Goods Sales Tax Transfer to the General Revenue-Dedicated State Parks Account No. 64, due to the reduced need for GLO dredging activities. These amounts are passed through from the Texas Parks and Wildlife Department to GLO for the GLO's Coastal Erosion Protection and Response Act (CEPRA) program activities.

Finally, the substitute adds a new provision that other public recreational opportunities be provided in mitigation to the county and municipality should Rollover Pass be closed. This analysis assumes that the local entities could apply for a local park grant from existing appropriations provided TPWD for this purpose, and that no additional funding would be needed for this provision.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 305 General Land Office and Veterans' Land Board, 802 Parks and Wildlife Department
LBB Staff: JOB, SZ, ZS, TB, TL