

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 31, 2009

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

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

IN RE: HB4536 by Branch (Relating to sale of the Texas State Cemetery Annex property (Bull Creek State Cemetery).), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB4536, As Introduced: an impact of \$0 through the biennium ending August 31, 2011.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	\$0
2011	\$0
2012	\$0
2013	\$0
2014	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from <i>New General Revenue Dedicated</i>
2010	\$0
2011	\$6,344,000
2012	\$139,367
2013	\$142,293
2014	\$145,281

Fiscal Analysis

The bill would amend Subchapter F, Chapter 2165 of the Government Code to allow for the Bull Creek State Cemetery (Texas State Annex property), to be dedicated to the Texas State Cemetery for any purpose, including sale of fee simple title. The bill states in the event the Bull Creek Cemetery is sold, the Cemetery Committee would be authorized to use sale proceeds and any interest that may accrue therefrom to acquire other real property suitable for expansion of the Texas State Cemetery, or to accomplish capital improvements or major repairs or renovations of the existing or new state cemetery grounds. The bill also contains a provision instructing that a rider be included in Senate Bill 1, Eighty-first Legislature, Regular Session, that would appropriate the sale proceeds of the Bull Creek State Cemetery to the Texas State Cemetery to be used for the purposes stated above.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either within or outside the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in the bill would be subject to funds consolidation review by the current legislature.

The bill would take effect September 1, 2009.

Methodology

The property described in the bill has a Fair Market Value of \$6,500,000, according to an appraisal conducted by the General Land Office on January 3, 2008. If sold, the property could generate a revenue gain to a General Revenue Dedicated account for Texas State Cemetery purposes, as well as additional revenue gain from interest that would accrue on the account. It is assumed that the account would earn approximately 2.1 percent in interest annually. If sold at the beginning of fiscal year 2011, the estimated interest earned would be \$136,500 in the first year. The bill allows the Cemetery Committee to use the proceeds to acquire other real property for cemetery purposes.

The General Land Office assumes there would be a broker's fee between 3 percent and 6 percent of the property value. For the purposes of the fiscal note, it is assumed that the broker's fee would be paid out of the proceeds from the sale of the land. The broker's fee is estimated to be between \$195,000 and \$390,000, a mid-range of \$292,500 is assumed for the fiscal note.

If the property described in the bill is held and not sold by the Cemetery Committee, then no fiscal impact is anticipated.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 303 Facilities Commission, 305 General Land Office and Veterans' Land Board

LBB Staff: JOB, WK, MS, DEH, SD