

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 11, 2011

TO: Honorable Troy Fraser, Chair, Senate Committee on Natural Resources

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

IN RE: HB2969 by Oliveira (Relating to authorizing the sale of certain real property held by certain state agencies.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2969, As Engrossed: a positive impact of \$82,369,044 through the biennium ending August 31, 2013.

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
2012	\$62,044,340
2013	\$20,324,704
2014	\$2,289,704
2015	(\$335,296)
2016	(\$335,296)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/ (Loss) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>Appropriated Receipts</i> 666	Probable Savings/(Cost) from <i>State Highway Fund</i> 6
2012	\$62,044,340	(\$750,000)	(\$7,731,075)
2013	\$20,324,704	(\$275,000)	(\$7,731,075)
2014	\$2,289,704	\$0	\$0
2015	(\$335,296)	\$0	\$0
2016	(\$335,296)	\$0	\$0

Fiscal Analysis

The bill would direct the General Land Office to offer certain state property for sale not later than August 31, 2013. The specific properties cited are currently held by the following agencies: Texas Department of Criminal Justice (TDCJ); Texas Department of Transportation (TXDOT); Texas Facilities Commission; Health and Human Services Commission; Parks and Wildlife Department; Texas Youth Commission (TYC); and the Department of Aging and Disability Services (DADS).

The bill conditions the offer of the TXDOT property on the agency vacating the properties. The offer for sale of TDCJ, TYC, and DADS properties is conditioned upon the prohibition of funding for the continuation of operations at certain facilities during the next biennium.

The bill removes the statutory use dedication for land included in the Bull Creek property maintained by TFC for cemetery purposes. The removal of this dedication is necessary for the land to be marketable for general sale.

The bill directs all proceeds from the sale of identified properties to be deposited to the credit of the general revenue fund and would take effect September 1, 2011.

Methodology

This analysis assumes property sale values based on current General Land Office (GLO) property evaluation appraisals. GLO reports that the properties would be re-appraised prior to being placed for sale to determine their market value at the time of offer and anticipates that some properties could require a market value reduction due to the condition of the existing structures.

The Texas Public Finance Authority (TPFA) reports that two of the listed properties, the Marlin Robert E. Lee and Wortham Twin Circle Group Homes, remain subject to land use and sale restrictions created by the use of tax-exempt bonds to finance the facilities. To avoid a conflict with the existing bond restrictions, these properties could be sold no sooner than September 30, 2011. Additionally, three other properties (Central Unit, Parking Garages B and G, and the Bolm Road Warehouse) included in the bill have outstanding bond debt that is not scheduled to be paid off during the next biennium. Revenue from the sale of these properties would first be applied to the outstanding debt; the tables above reflect this reduction in revenue. TPFA reports that in-house staff costs associated with the bond review of the identified sales could be met with existing resources.

House Bill 1, as engrossed, contains a prohibition for funding of the operation of the Central Unit, which would trigger the sale of this property per the provisions of the bill. The Texas Department of Criminal Justice reports that the operational fiscal impact of selling the Central Unit is dependent on the offender population during the next biennium, and cannot be determined.

The Department of Transportation reports that sale of the Bull Creek Camp Hubbard Annex would require the agency to expand their campus in Cedar Park and retrofit space at the Camp Hubbard facility to relocate the existing Bull Creek operations. These projects are included in the tables above as State Highway Fund costs.

The Texas Facilities Commission reports that the sale of the Bolm Road Warehouse would require the agency to relocate the state surplus property program to another state facility. These costs are shown in the table above as appropriated receipts costs based on the current method of finance for that program.

Current uses of the Service Station, Parking Garages B and G, and the Marlin Robert E. Lee Group Home and Wortham Twin Circle Group Home result in annual revenue for the owner agencies. The annual revenue loss from sale of these properties is included in the tables shown above.

House Bill 1, as engrossed, contains a requirement to reduce the number of State Supported Living Center campuses by one, which would trigger the sale of a property per the provisions of the bill. The Department of Aging and Disability Services reports a concern with the agency's ability to close a facility within the next biennium and cannot determine the operational fiscal impact of selling a living center campus because the specific campus to be closed and sold has not yet been identified. Revenue from the sale of this property could increase the General Revenue gain included in the tables above.

A revenue gain from the sale of Texas Youth Commission and Department of Aging and Disability Services properties cannot be determined because the specific campuses to be offered for sale have not been identified. Revenue from the sale of these properties could increase the General Revenue gain included in the tables above.

Disposition costs related to the sale of the identified properties cannot be determined and are not included in the tables above. Disposition costs vary from property to property and are typically no more than 10 percent of the final property sales value.

Local Government Impact

The transition of any of these properties from government use to private use would allow local government entities in the related areas to begin collecting property tax on the value of the properties. The amount of local tax collection increases cannot be determined as it would depend on various local property tax rates and the final appraised value of the property resulting from a non-governmental use.

Source Agencies: 303 Facilities Commission, 305 General Land Office and Veterans' Land Board, 347 Public Finance Authority, 529 Health and Human Services Commission, 537 State Health Services, Department of, 539 Aging and Disability Services, Department of, 601 Department of Transportation, 694 Youth Commission, 696 Department of Criminal Justice, 802 Parks and Wildlife Department, 304 Comptroller of Public Accounts, 320 Texas Workforce Commission

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