

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION
Revision 1

May 28, 2011

TO: Honorable David Dewhurst, Lieutenant Governor, Senate
Honorable Joe Straus, Speaker of the House, House of Representatives

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

IN RE: HB3726 by Guillen (Relating to the preservation and maintenance of the Alamo by the General Land Office.), **Conference Committee Report**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3726, Conference Committee Report: a negative impact of (\$438,366) 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	(\$219,183)
2013	(\$219,183)
2014	(\$219,183)
2015	(\$219,183)
2016	(\$219,183)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/ (Cost) from <i>General Revenue Fund</i> 1	Probable Revenue Gain from <i>New General Revenue Dedicated--Alamo Complex</i>	Probable Savings/ (Cost) from <i>New General Revenue Dedicated--Alamo Complex</i>	Probable Revenue Gain from <i>Appropriated Receipts 666</i>
2012	(\$219,183)	\$8,000,000	(\$2,213,000)	\$743,087
2013	(\$219,183)	\$12,000,000	(\$3,094,756)	\$1,114,630
2014	(\$219,183)	\$12,000,000	(\$3,094,756)	\$1,114,630
2015	(\$219,183)	\$12,000,000	(\$3,094,756)	\$1,114,630
2016	(\$219,183)	\$12,000,000	(\$3,094,756)	\$1,114,630

Fiscal Year	Probable Savings/ (Cost) from <i>Appropriated Receipts 666</i>	Change in Number of State Employees from FY 2011
2012	(\$236,552)	2.0
2013	(\$353,127)	2.0
2014	(\$337,829)	2.0
2015	(\$337,829)	2.0
2016	(\$337,829)	2.0

Fiscal Analysis

The bill would require the General Land Office (GLO) to employ staff necessary to preserve and maintain the Alamo and contract for professional services of qualified consultants. The bill would require the GLO to prepare an annual budget and work plan for maintenance of the Alamo and other buildings on Alamo property, their contents, and grounds, including preservation and future construction for the Alamo complex.

The bill would place the Alamo under the jurisdiction of the GLO, and the GLO would be responsible for the preservation, maintenance, restoration and protection of the Alamo and its contents. The bill would exempt the GLO from compliance with state purchasing laws in carrying out its duties related to the Alamo.

The bill would require the State Preservation Board to assist the GLO with its duties relating to the Alamo upon request by the GLO.

The bill would require the GLO to enter into an agreement with the Daughters of the Republic of Texas (DRT) for the management, operation, and financial support of the Alamo. The bill would specify minimum requirements for the agreement. The bill would prohibit the GLO from entering into an agreement with the DRT if the DRT is not a properly formed nonprofit corporation.

The bill would create an Alamo Complex Account in the General Revenue Fund which would consist of transfers made to the account, fees and revenue from operation of the Alamo, grants, bequests, and donations, and income earned on investments of money in the account. Appropriations to the GLO for the Alamo would be deposited to the account. The GLO would be authorized to use the account on expenses related to the Alamo and to acquire historical items appropriate to the Alamo. The bill would exempt the account from application of Government Code, Section 403.095.

The bill would establish the Alamo Preservation Board.

Subject to an agreement between the GLO and the DRT provided under provisions of the bill, the bill would transfer all powers, duties, unobligated and unexpended funds granted to the DRT for the benefit of the Alamo Complex, and all equipment and files of the DRT relating to the Alamo to the GLO on January 1, 2012.

Methodology

Costs for functions provided by GLO at the Alamo would include salaries, related operating costs, and benefits of \$219,183 each full fiscal year for 2.0 full-time equivalent positions. The positions would include a project manager and a maintenance supervisor. Although the GLO would not take over full responsibilities at the Alamo until January 1, 2012, this estimate assumes that the 2.0 FTEs would be needed for all of fiscal year 2012 because the agency would need staff time to prepare for the transition. This estimate assumes that these costs would be paid out of the General Revenue Fund.

GLO has determined that initially it would need to contract with a qualified external architectural firm to assess the current physical and structural conditions of the Alamo complex. It is estimated that the initial study would cost a minimum of \$150,000 and may result in additional studies to address specific areas in need of immediate or critical attention. These costs are included in fiscal year 2012 and are assumed to be paid out of the Alamo Complex Account.

Costs of the GLO to operate and maintain the Alamo are based on estimates that the Texas Historical Commission (THC) provided when it proposed that the THC be given jurisdiction over the Alamo. It is assumed that the GLO would operate the site in a similar arrangement as the National Museum of the Pacific War (NMPW), a site that is operated by the THC and a nonprofit organization. For the NMPW, during the 2010-11 biennium, it is anticipated that 78 percent of costs for the site would be managed by the nonprofit organization and the remaining 22 percent would include management and program functions provided by THC. This ratio of operational expenses is assumed for operation of the Alamo by the GLO. It is anticipated that the contract costs of \$2,063,171 in fiscal year 2012 and

\$3,094,756 each fiscal year thereafter would include the operating expenses of the DRT which would enter into an agreement with the GLO to operate the Alamo.

In addition, there are indeterminate costs for restoration of the Alamo. The agency has indicated that evaluations of the Alamo would need to be conducted to determine the costs.

This analysis also assumes collections of admissions fees at the Alamo at \$8,000,000 in fiscal year 2012 and \$12,000,000 each fiscal year thereafter to be deposited to the new Alamo Complex Account. The estimate is based on reported visitation by DRT on the Alamo's website of 2,500,000 visitors each year. It is assumed that 80 percent of visitors would pay the admissions charge, based on paid visitation figures at NMPW, and an average fee of \$6 per visitor.

This analysis also assumes additional revenue of \$743,087 in fiscal year 2012 and \$1,114,630 each fiscal year thereafter from appropriated receipts generated from sales at gift shops. Costs of operating the gift shop of approximately \$225,000 to \$350,000 per fiscal year are also included in the table above.

This estimate assumes that the GLO would receive appropriations out of the Alamo Complex Account sufficient to cover of the contract with the DRT and the cost of any needed improvements to the Alamo Complex. This estimate also assumes that if the Preservation Board would incur any costs in assisting the GLO with the agency's duties with respect to the Alamo, the GLO would reimburse the Preservation Board for such expenses through an Interagency Contract from proceeds of the agency's appropriations out of the Alamo Complex Account.

Local Government Impact

No fiscal implication to units of local government is anticipated.

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

LBB Staff: JOB, SD, KM, ZS, TL, LCO, MS