LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

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TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

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

IN RE: **SB1579** by Ogden (relating to state fiscal matters related to general government.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1579, Committee Report 1st House, Substituted: a positive impact of $38,769,012 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	$20,526,506
2013	$18,242,506
2014	$18,410,506
2015	$18,681,506
2016	$18,855,506

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from *General Revenue Fund* 1	Probable Savings/ (Cost) from *General Revenue Fund* 1	Probable Revenue Gain/(Loss) from *Tx Preservation Trust Acc* 664	Probable Revenue Gain/(Loss) from *Employees Health Insurance and Benefits Trust (0973)*
2012	$129,815	$20,396,691	$10,089,461	$24,024,457
2013	$55,815	$18,186,691	$0	$24,024,457
2014	$130,815	$18,279,691	$0	$24,024,457
2015	$55,815	$18,625,691	$0	$24,024,457
2016	$130,815	$18,724,691	$0	$24,024,457

Fiscal Year	Probable Savings/ (Cost) from *Comm State Emer Comm Acct* 5007	Probable Revenue Gain/(Loss) from *Telecommunications Revolving - IAC* 8125	Change in Number of State Employees from FY 2011
2012	$812,903	$2,550,000	1.0
2013	$1,625,806	$0	1.0
2014	$1,625,806	$0	1.0
2015	$1,625,806	$0	1.0
2016	$1,625,806	$0	1.0

Fiscal Analysis

Article 1 of the bill would authorize state agencies to reduce or recover expenditures by taking action to consolidate reports, extend license, permit or registration periods, enter into contracts to carry out an agency's duties, adopt additional eligibility requirements for benefits, provide for electronic communication, and adopt and collect fees or charges to recover costs incurred by an agency.

Article 2 of the bill would implement recommendations from the report "Optimize the Use of State Parking Facilities" in the Legislative Budget Board's Government Effectiveness and Efficiency Report, submitted to the Eighty-second Texas Legislature, 2011. The bill would expand the Texas Facilities Commission (TFC)’s authority related to the operations of state-owned parking lots and garages by authorizing TFC to lease excess parking spaces, those not used by state employees, to public motorists. The bill would also authorize TFC to lease an entire parking facility, or a significant part of a facility, to an institution of higher education or local government. The bill would direct revenue received from leasing operations to be deposited to the General Revenue Fund. The bill would require TFC to report biennially on the use and effectiveness of leased parking operations. Article 2 provisions would take immediate effect upon receiving two-thirds vote in both houses; otherwise, the provisions would take effect September, 1, 2011.

Article 3 of the bill would eliminate the publication and distribution of bound copies of the General and Special Laws of Texas (referred to as session law) by the Secretary of State following each session of the legislature, replacing such publications with the same information provided electronically on the agency’s website. This change would not apply to a contract for the publication of laws entered into prior to the effective date of the bill. Article 3 provisions would take immediate effect upon receiving two-thirds vote in both houses; otherwise, the provisions would take effect September, 1, 2011.

Article 4 of the bill would authorize three specific fees for the Office of Attorney General (OAG): a reasonable fee for documents filed electronically with the agency; an administrative fee to review state agency invoices relating to the use of outside legal services; and a reasonable fee for review of the legal sufficiency of proposed comprehensive development agreements for toll projects in accordance with Texas Transportation Code Section 371.051. Article 4 provisions would take immediate effect upon receiving two-thirds vote in both houses; otherwise, the provisions would take effect September, 1, 2011.

Article 5 of the bill would authorize money in the Preservation Trust Fund to be used on the operating expenses of the Texas Historical Commission (THC). The bill would eliminate references to distributions made to the account and repeal provisions authorizing the Comptroller of Public Accounts to manage the assets of the account under certain requirements and rules for investment and distribution of funds. The bill would require the Comptroller and THC to enter into a memorandum of understanding to facilitate the conversion of assets of the fund into cash for deposit into the state treasury using a method that provides for the lowest amount of revenue loss. Article 5 provisions would take effect November 1, 2011.

Article 6 of the bill would clarify the appropriate expenditure of revenue derived from the collection of fees imposed by the agency, including: to develop statewide information resources technology policies; and providing shared information resources technology services and network security services. The bill would also direct the Comptroller of Public Accounts to transfer excess funds from the telecommunications revolving fund, as certified by the Department of Information Resources, to the credit of the General Revenue Fund. Article 6 provisions would take immediate effect upon receiving two-thirds vote in both houses; otherwise, the provisions would take effect September, 1, 2011.

Article 7 would require the Comptroller of Public Accounts (CPA) to deduct a 10 percent handling fee from each approved unclaimed property transaction of $100 or more. Revenue from the handling fee would be deposited to the credit of General Revenue, and the CPA would be authorized to use the proceeds to pay unclaimed property claims processing costs, subject to legislative appropriations.

Article 8 would exempt attorneys employed by the Office of the Attorney General from State Bar of

Texas membership dues in any year in which the attorney is employed by the agency. Article 8 provisions would apply to membership dues or renewal fees that become due on or after the effective date of the bill.

Article 9 would allow for increases to lobbyist registration fees up to amounts set by the General Appropriations Act.

Article 10 of the bill would implement a recommendation from the report "Implement a Tobacco User Surcharge on Employees Retirement System Health Premiums" in the Legislative Budget Board's Government Effectiveness and Efficiency Report, submitted to the Eighty-second Texas Legislature, 2011. Article 10 would amend the Insurance Code to require the Employees Retirement System (ERS) to apply a monthly tobacco user fee to each participant covered under the state health plan that uses tobacco. The amount of the monthly tobacco user fee could be set in the General Appropriations Act (GAA). If the fee is not set in the GAA, the bill would give the ERS Board the authority to set the monthly user fee. The bill would require that this fee be implemented no later than January 1, 2012.

Article 11 would implement a recommendation in the report, Consolidate the Texas Regional Poison Control Centers," in the Legislative Budget Board's, Government Effectiveness and Efficiency Report, submitted to the Eighty-second Texas Legislature, 2011. Article 11 would consolidate the current six regional poison control centers into the Texas Poison Control Center (the center) no later than March 1, 2012. The bill requires the coordinating committee on poison control to determine a geographical location for the center and authorizes the designation of one or more medical facilities to be affiliated with the center. The center must meet the criteria established by the American Association of Poison Control Centers. The bill would require the center to develop, design, and update an evaluation process for community education programs on poison prevention no later than March 1, 2013.

Article 12 would expand the use of three tobacco settlement funds to pay the principal or interest on a bond issued on behalf of the Cancer Prevention and Research Institute of Texas, including: the Permanent Fund for Health and Tobacco Education and Enforcement; the Permanent Fund for Children and Public Health; and the Permanent Fund for Emergency medical Services and Trauma Care. Article 12 provisions would take immediate effect upon receiving two-thirds vote in both houses; otherwise, the provisions would take effect September, 1, 2011.

Article 13 would expand the allowable use of the Texas Enterprise Fund to include grant awards under the Texas homeless housing and services program administered by the Texas Department of Housing and Community Affairs. The bill would also set the reporting requirements for grants issued from this source. Article 13 provisions would take immediate effect upon receiving two-thirds vote in both houses; otherwise, the provisions would take effect September, 1, 2011.

Article 14 would allow the Cancer Prevention and Research Institute of Texas (CPRIT) to fund multi-year projects after certification by the Texas Public Finance Authority (TPFA) of an amount of obligations sufficient to fund the projects. The bill would amend Health and Safety Code to clarify that appropriations made to the cancer prevention and research fund do not include related bond proceeds and that the fund may be used to pay debt service on related bonds. The bill would amend a requirement for the maintenance of escrow accounts for multi-year projects to an authorization for use of escrow accounts for multi-year projects to distribute money to a project as needed. Article 14 provisions would take immediate effect upon receiving two-thirds vote in both houses; otherwise, the provisions would take effect September, 1, 2011.

The provisions of the bill would take effect September 1, 2011, unless otherwise noted.

Methodology

The extent to which an agency would use the authority granted in Article 1 of the bill is unknown. Therefore, the impact of these changes is not included in the estimates shown above.

The LBB estimates that implementing the provisions contained in Article 2 of the bill would result in a General Revenue gain of $887,471 per year. This estimate is based on leasing 40 percent of the estimated currently available excess parking spaces in the Capitol Complex to individual motorists at a rate of $50 per month and executing a revenue sharing long-term lease with the University of Texas for the use of state garages B and G. Because the exact implementation conditions (number of parking spaces to be leased and the contract least rate to be applied) are unknown, the Comptroller of Public Accounts was unable to provide a certifiable revenue estimate. Changes in the implementation of the program from the assumptions made above would alter projected revenue. For example, if demand is sufficient to support charging a higher monthly lease rate, additional revenues would be generated. The implementation of a program to lease specific parking spaces to individuals would require TFC to hire an additional employee due to the quantity of leases involved. TFC reports an additional employee and related expenses would carry a biennial cost of $127,812, including benefits. TFC could manage the lease of entire parking facilities within existing resources due to the limited number of opportunities for such a program.

The Secretary of State estimates that implementing the provisions contained in Article 3 of the bill would result in General Revenue savings of $75,000 in each even-numbered year.

The Office of the Attorney General (OAG) estimates that the bill's Article 4 provisions will result in increased General Revenue fee collections of $1,969,220 per year.

This analysis assumes the bill’s provisions contained in Article 5 would result in a one-time gain to General Revenue-Dedicated funds of $10,089,461 in fiscal year 2012 from transfer of the agency’s investments managed by the Comptroller through the Safekeeping Trust Company. The value of related Safekeeping Trust assets, as of February 28, 2011, was $10,604,461, offset by anticipated regular distributions of $212,000 into the Preservation Trust Fund during the remainder of fiscal year 2011 and a projected loss of $303,000 from the transition of the investments to cash in preparation for transfer into the Preservation Trust Fund. This analysis assumes no further changes would be made with regard to the fund’s fair market value.

The provisions contained in Article 6 of the bill would transfer existing fund balances from the Department of Information Resources’ telecommunications revolving fund to the General Revenue Fund. The estimated unexpended balance in the revolving fund for the fiscal year ending August 31, 2011 is $2,550,000.

The Comptroller of Public Accounts estimates the provisions in Article 7 related to handling fees on unclaimed property claims processing would generate $28.8 million during the 2012-13 biennium.

The OAG estimates that Article 8 provisions to exempt OAG attorneys from state bar dues would result in biennial General Revenue savings of $238,441. Because the OAG pays these costs for Assistant Attorneys General employed by the agency, the state would realize savings from exempting these employees from the fees.

The Texas Ethics Commission estimates that if lobbyists' fees were increased by the maximum amount allowed by Article 9 provisions the State would realize revenue gains of up to $1.5 million in General Revenue during the 2012-13 biennium.

The bill’s provisions in Article 10 would help defray the increased costs to the plan associated with tobacco users, reduce the need for appropriations to the health plan, and minimize the need for cost shifting to employees to fund the state health plan. ERS reports a total of 411,942 adults enrolled in the state health plan, as of February 2011. According to the Centers for Disease Control and Prevention, an estimated 18 percent of adult Texans smoke, resulting in an estimated 74,150 tobacco users in the ERS health plan. This analysis assumes that 90 percent of smokers (66,735 plan members) would pay the tobacco user fee, resulting in gross tobacco user fee revenue of $24.0 million in All Funds per fiscal year, which would be deposited to the Employees Life, Accident, Health Insurance and Benefits Trust Account.

Article 11 provisions to consolidate the poison control centers from six centers to one would result in savings of $812,903 for fiscal year 2012 and $1,625,806 for fiscal year 2013, calculated by comparing the estimated cost of operating a consolidated center to actual 2010-2011 biennial operating costs. This analysis assumes the six existing centers would be consolidated into one center and that poison control operations would continue to be funded by a combination of state funds, federal funds and inkind contributions from the host institution, consistent with current funding sources. This analysis assumes the funds necessary to maintain current AAPCC certification requirements. State personnel costs are estimated to be $4.5 million per fiscal year for a consolidated center. Travel costs, for educators, medical directors, and remote call takers were estimated at $63,360 per year. This analysis assumes the current nine remote agent workstations would continue to be funded by federal funds. This analysis also assumes equipment costs of $22,072, supply costs of $61,848, contractual costs of $206,035, and other costs of $36,441. Savings for fiscal year 2012 are calculated based on a March 1, 2012 consolidation date.

The provisions included in Article 12 related to expanding the use of three tobacco settlement funds to pay the principal or interest on a bond issued on behalf of the Cancer Prevention and Research Institute of Texas do not specify a required funding level and are subject to appropriation. Article 12 has no significant fiscal impact.

The provisions included in Article 13 related to grants for the Texas homeless housing and services program from the Texas Enterprise Fund do not specify a required funding level. Article 13 has no fiscal impact.

Article 14 would have no significant fiscal impact. The state could realize savings to the extent that bond funds are not placed in escrow accounts by the Cancer Prevention and Research Institute of Texas, which would allow bonds to be issued as needed instead of in a lump sum.

Local Government Impact

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

Source Agencies: 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 307 Secretary of State, 327 Employees Retirement System, 332 Department of Housing and Community Affairs, 347 Public Finance Authority, 356 Texas Ethics Commission, 477 Commission on State Emergency Communications, 537 State Health Services, Department of, 542 Cancer Prevention and Research Institute of Texas, 808 Historical Commission

LBB Staff: JOB, KK, JI, KY, SD