

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

February 25, 2013

TO: Honorable Harvey Hilderbran, Chair, House Committee On Ways & Means

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB105 by Larson (Relating to the allocation of the proceeds from taxes imposed on the sale, storage, or use of sporting goods.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB105, As Introduced: a negative impact of (\$83,311,950) through the biennium ending August 31, 2015.

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
2014	(\$23,065,624)
2015	(\$60,246,326)
2016	(\$91,668,326)
2017	(\$97,684,326)
2018	(\$103,888,326)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Revenue Gain from <i>State Parks Acct</i> 64	Probable Revenue Gain from <i>Local Parks Account</i> 467
2014	(\$24,146,326)	\$1,080,702	\$7,897,598	\$9,367,813
2015	(\$60,246,326)	\$0	\$34,611,598	\$14,782,813
2016	(\$91,668,326)	\$0	\$57,863,878	\$19,496,113
2017	(\$97,684,326)	\$0	\$62,315,718	\$20,398,513
2018	(\$103,888,326)	\$0	\$66,906,678	\$21,329,113

Fiscal Year	Probable Revenue Gain from Large Cnty & Muni Rec & Parks 5150	Probable Revenue Gain from Parks/Wildlife Cap Acct 5004
2014	\$6,227,915	\$653,000
2015	\$9,837,915	\$1,014,000
2016	\$12,980,115	\$1,328,220
2017	\$13,581,715	\$1,388,380
2018	\$14,202,115	\$1,450,420

Fiscal Analysis

The bill would amend Chapter 151 of the Tax Code, regarding the sales and use tax. The bill would repeal Section 151.801(c-1), which provides for limiting the allocation of sales tax revenue from the sales of sporting goods to appropriated amounts.

The bill would amend Section 151.801(c) to provide for the allocation of the proceeds from collections of sales tax on sporting goods as follows: in fiscal 2014, 50 percent to the Texas Parks and Wildlife Department (TPWD), 3 percent to the Texas Historical Commission (THC), and the remainder would remain as unallocated General Revenue; in fiscal 2015, 75 percent to TPWD, 5 percent to the THC, and the remainder as unallocated General Revenue; and in fiscal 2016 and thereafter, 94 percent to TPWD and 6 percent to the THC. Allocations to TPWD would be deposited as specified in the Parks and Wildlife Code.

In this analysis the Comptroller of Public Accounts' estimates of sales tax revenue from sales of sporting goods for the five-year period are compared to the annualized amount of sales tax revenue from sporting goods appropriated to the TPWD and the Texas Historical Commission (THC) in the 2012-13 biennium. The incremental difference between estimated and appropriated amounts is shown as a revenue loss to the General Revenue Fund and a revenue gain to the TPWD General Revenue-Dedicated accounts that by statute are recipients of the proceeds.

Although the legislation would repeal the existing limitation on the allocation of sales tax revenue from sporting goods to appropriated amounts, these amounts would still be subject to the appropriations process. Unlike TPWD, the THC allocation of proceeds from the collection of sales tax on sporting goods is not deposited to a General Revenue-Dedicated Account, but is appropriated directly from the General Revenue Fund. As a result, the repeal of the limitation on the allocation for the Texas Historical Commission is not anticipated to result in an additional cost to the General Revenue Fund. Furthermore, the legislation if enacted, could result in large unappropriated balances accruing to the four TPWD General Revenue-Dedicated accounts that receive the allocation.

The bill would take effect September 1, 2013.

Methodology

For purposes of this analysis, it is assumed that no additional appropriation above existing levels would occur should this legislation be enacted. As a result, the repeal of the limitation on the allocation for the Texas Historical Commission is not anticipated to result in an additional cost to the General Revenue Fund. Furthermore, the legislation if enacted, could result in large

unappropriated balances accruing to the four TPWD General Revenue-Dedicated accounts that receive the allocation.

In their analysis, the Comptroller of Public Accounts extrapolated the estimate for state sales tax revenues from sales of sporting goods in the 2014-15 Biennial Revenue Estimate through fiscal year 2018 and the allocation percentages for each year as provided by the legislation and the Parks and Wildlife Code were applied to the estimate for each year.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
TPWD	\$ 65,300,000	\$ 101,400,000	\$ 132,822,000	\$ 138,838,000	\$145,042,000
THC	\$ 3,918,000	\$ 6,760,000	\$ 8,478,000	\$ 8,862,000	\$ 9,258,000
General Revenue	\$ 61,382,000	\$ 27,040,000	-	-	-
Total	\$ 130,600,000	\$ 135,200,000	\$ 141,300,000	\$ 147,700,000	\$154,300,000

The revenue gain to the four TPWD General Revenue-Dedicated accounts was derived by calculating the difference between the maximum allocation of state sales tax revenues from sales of sporting goods and the annualized amounts appropriated to TPWD in the 2012-13 biennium. The annualized amounts are indicated by General Revenue-Dedicated Account below:

- 1) Transfer from General Revenue to the State Parks Account No. 64: \$40,424,402
- 2) Transfer from General Revenue to the Texas Recreation and Parks Account No. 467: \$427,187
- 3) Transfer from General Revenue to the Large County and Municipality Recreation No. 5150: \$302,085
- 4) Transfer from General Revenue to the Texas Parks and Wildlife Conservation and Capital Account No. 5004: \$0

Annualized appropriations from state sales tax revenues in the 2012-13 biennium for the Texas Historical Commission was \$4,998,702. Note that in fiscal year 2014, the bill would not provide sufficient allocations to cover these costs. This shortfall in fiscal year 2014 would be \$1,080,702 and is shown as a cost savings in the table above.

For any one fiscal year, the sum of the current annualized appropriation plus the incremental increase in available balances totals the statutory maximum of available balances for each account.

For example, in fiscal year 2014 the maximum available balances for each account would be as follows:

- 1) State Parks Account: \$48,322,000 (\$40,424,402 + \$7,897,598)
- 2) Texas Recreation and Parks Account: \$9,795,000 (\$427,187 + \$9,367,819)
- 3) Large County and Municipality Recreation and Parks Account: \$6,530,000 (\$302,085+\$6,227,915)
- 4) Texas Parks and Wildlife Conservation and Capital Account No. 5004: \$653,000

Local Government Impact

Local governments could benefit from the revenue increase in TPWD’s local park accounts depending on the appropriations process.

Source Agencies: 304 Comptroller of Public Accounts, 802 Parks and Wildlife Department,

808 Historical Commission

LBB Staff: UP, KK, ZS, TB, SD