

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 15, 2013

TO: Honorable Byron Cook, Chair, House Committee on State Affairs

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB3217** by Price (Relating to authorizing certain real property transactions involving the Department of Public Safety of the State of Texas.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3217, Committee Report 1st House, Substituted: a negative impact of (\$3,352,293) 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	\$0
2015	(\$3,352,293)
2016	(\$2,610,212)
2017	(\$2,685,111)
2018	(\$2,762,257)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1
2014	\$0	\$0
2015	(\$4,659,295)	\$1,307,002
2016	(\$2,610,212)	\$0
2017	(\$2,685,111)	\$0
2018	(\$2,762,257)	\$0

Fiscal Analysis

The bill would direct the General Land Office (GLO) to offer to sell or exchange certain real property on behalf of the Department of Public Safety (DPS) at fair market value to Randall County. The bill would direct that the GLO deposit the property sales proceeds into a dedicated account in the General Revenue Fund that may be used only for the purpose of constructing, purchasing, or leasing a new facility for the Amarillo office of DPS. The bill would authorize the GLO to deduct expenses from the sale proceeds to recover costs associated with the sale. In the event the property is transferred by exchange with Randall County, the bill would require Randall County to pay the GLO an amount equal to the expenses incurred by the agency in conducting the exchange. The bill would also authorize DPS to enter into a build-to-suit lease agreement in Randall County for a new district headquarters, crime lab and driver's license office facility. The bill would take effect September 1, 2013.

Methodology

This estimate assumes that the provisions of the bill would be supported by General Revenue. While there are portions of this project that would likely be allowable uses of Fund 6, that is not the case for the entire project. At such time as a determination is made of what portion of the project would appropriately be funded with Fund 6, the General Revenue costs would be reduced proportionally. Further, the bill specifically requires any sales revenue to be deposited to the General Revenue Fund for use by the Department of Public Safety (DPS) or the General Land Office (GLO) to offset the costs associated with either establishing the agency's new Amarillo facility or facilitating the property transfer.

DPS estimates a probable gain in revenue of \$1,307,002 in fiscal year 2015 should the existing DPS facility be sold to Randall County. The bill would provide the GLO with an undetermined portion of the estimated sales revenue to offset the GLO's costs incurred while conducting the transaction. The GLO has estimated this would result in no significant fiscal implication to the agency.

Assuming the sale of the DPS facility to Randall County, DPS estimates the following costs starting in fiscal year 2015: utility costs will be \$113,592 per year; rent costs will be \$2,423,903 in fiscal year 2015, \$2,496,620 in fiscal year 2016, \$2,517,519 in fiscal year 2017, and \$2,648,665 in fiscal year 2018; and a one-time capital expenditure of \$2,121,800 for build-to-suit costs and equipment in fiscal year 2015. Offsetting these costs is an estimated revenue gain \$1,307,002 in fiscal year 2015 resulting from the sale of the property.

Should the GLO exchange the DPS property for another property owned by Randall County, then the cost to DPS would vary depending on the specific terms of the exchange with Randall County, which are unknown at this time. An exchange would not generate sales proceeds. The bill would, however, require any property exchange to be of equivalent market value. In the event of a property transfer by exchange, the bill would require Randall County to pay the GLO an amount equal to the expenses incurred by the GLO in conducting the exchange.

Technology

No significant technology-related impact is anticipated.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts, 305 General Land Office and Veterans' Land Board, 405 Department of Public Safety

LBB Staff: UP, JAW, AG, AI, TL