

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: HJR40 by Larson (Proposing a constitutional amendment relating to the appropriation of the net revenue received from the imposition of the state sales and use tax on sporting goods.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HJR40, As Introduced: a negative impact of (\$108,921) through the biennium ending August 31, 2015.

The bill would make an appropriation beginning in fiscal year 2016 and each fiscal year thereafter to implement the provisions of the bill. Also, the cost to the state for publication of the resolution would be \$108,921 in fiscal year 2014.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	(\$108,921)
2015	\$0
2016	(\$95,147,624)
2017	(\$101,547,624)
2018	(\$108,147,624)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from General Revenue Fund 1	Probable (Cost) from General Revenue Fund 1	Probable Savings/(Cost) from State Parks Acct 64	Probable Savings/(Cost) from Local Parks Account 467
2014	\$0	(\$108,921)	\$0	\$0
2015	\$0	\$0	\$0	\$0
2016	(\$91,668,326)	(\$3,479,298)	(\$57,863,878)	(\$19,496,113)
2017	(\$97,684,326)	(\$3,863,298)	(\$62,315,718)	(\$20,398,513)
2018	(\$103,888,326)	(\$4,259,298)	(\$66,906,678)	(\$21,329,113)

Fiscal Year	Probable Savings/(Cost) from Large Cnty & Muni Rec & Parks 5150	Probable Savings/(Cost) from Parks/Wildlife Cap Acct 5004
2014	\$0	\$0
2015	\$0	\$0
2016	(\$12,980,115)	(\$1,328,220)
2017	(\$13,581,715)	(\$1,388,280)
2018	(\$14,202,115)	(\$1,450,420)

Fiscal Analysis

The joint resolution would amend the Texas Constitution to require that certain revenue received from collections of sales tax on sporting goods be automatically appropriated to the Texas Parks and Wildlife Department (TPWD) and the Texas Historical Commission (THC).

The resolution would appropriate 100 percent of the statutory maximum as provided under the Tax Code, Section 151.801(c) from the allocation of the proceeds from collections of sales tax on sporting goods as follows: 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 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 additional costs to the TPWD General Revenue-Dedicated accounts that by statute are recipients of the proceeds.

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. Beginning in fiscal year 2016, the repeal of the limitation on the allocation for the THC is shown as an incremental cost to the General Revenue Fund in the table above.

The amendment would be submitted to voters on November 5, 2013. The amendment would take effect for the fiscal year beginning September 1, 2015.

Methodology

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 2016	FY 2017	FY 2018
TPWD	\$132,822,000	\$138,838,000	\$145,042,000
THC	\$ 8,478,000	\$ 8,862,000	\$ 9,258,000
Total	\$141,300,000	\$ 147,700,000	\$154,300,000

The additional appropriation 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

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

For example, in fiscal year 2016 the maximum available appropriation for each TPWD account would be as follows:

- 1) State Parks Account No. 64: \$98,288,280 (\$40,424,402+\$57,863,878)
- 2) Texas Recreation and Parks Account No. 467: \$19,923,300 (\$427,187+\$19,496,113)
- 3) Large County and Municipality Recreation and Parks Account No. 5150: \$13,282,200 (\$302,085+\$12,980,115)
- 4) Texas Parks and Wildlife Conservation and Capital Account No. 5004: \$1,328,220

The same approach was used to calculate the additional appropriation for the THC. The annualized amount appropriated to the THC from state sales tax on sporting goods in the 2012-13 biennium was \$4,998,702. The difference between the 2013 funding level and 100 percent of the 6 percent allocation for THC in fiscal year 2016 is \$3,479,268. This and related amounts for fiscal years 2017 and 2018 are shown in the table above as a cost to the General Revenue Fund.

Local Government Impact

Local governments would benefit from the revenue increase in TPWD's local park accounts.

Source Agencies: 802 Parks and Wildlife Department, 808 Historical Commission

LBB Staff: UP, KK, ZS, TB