

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**April 24, 2017**

**TO:** Honorable Charles Perry, Chair, Senate Committee on Agriculture, Water & Rural Affairs

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: SB1971** by Kolkhorst (Relating to the set aside, collection, and transfer of certain money for the Texas-bred program.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1971, As Introduced: a negative impact of (\$8,452,000) through the biennium ending August 31, 2019.

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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2018	(\$4,226,000)
2019	(\$4,226,000)
2020	(\$4,225,000)
2021	(\$4,225,000)
2022	(\$4,225,000)

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from General Revenue Fund, Texas-Bred Program 1</b>
2018	(\$4,226,000)
2019	(\$4,226,000)
2020	(\$4,225,000)
2021	(\$4,225,000)
2022	(\$4,225,000)

## **Fiscal Analysis**

The bill would amend Texas Agriculture Code, Section 12.020(r) to require that the commissioner of the Texas Department of Agriculture (TDA) transfer money from all administrative penalties collected by the agency to the Texas Racing Commission for the Texas-bred program; these penalties are currently deposited to the credit of the General Revenue Fund. The bill would amend Texas Racing Act, Section 6.08 to amend the funding sources for the Texas-bred program to include the state's share of the simulcast pari-mutuel pools, racing association ATM receipts, administrative penalties collected by TDA, gifts, grants, and donations, and any money appropriated to the Texas Racing Commission for the Texas-bred program. The bill would allow the Texas Racing Commission to accept gifts, grants or other donations for any use authorized by the Texas Racing Act.

The provisions of the bill would apply only to penalties collected on or after the effective date of the act, and to the deduction from a pari-mutuel pool for a race conducted by a racetrack association or a fee collected for an ATM transaction on or after the effective date of the bill. The bill would require the Texas Racing Commission to revise existing rules or adopt new rules as soon as necessary after the effective date of the bill. The bill would take effect September 1, 2017.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either in, with, or outside of the Treasury, or create a dedicated revenue source. Legislative policy, implemented as Government Code 403.095, consolidated special funds (except those affected by constitutional, federal, or other restrictions) into the General Revenue Fund as of August 31, 1993 and eliminated all applicable statutory revenue dedications as of August 31, 1995. Each subsequent Legislature has reviewed bills that affect funds consolidation. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

## **Methodology**

The Comptroller's office estimates that the total amount of non-dedicated revenue currently deposited to the General Revenue Fund that would be redirected to funding the Texas-bred program would be \$4,226,000 in fiscal years 2018 and 2019, and \$4,225,000 in future fiscal years. Rider 2 in the Texas Racing Commission's bill pattern, 2016-17 General Appropriations Act, requires that all amounts set aside by the Texas Racing Act for the Texas Bred Incentive Program are appropriated to the Texas Racing Commission in Strategy A.2.1, Texas Bred Incentive Program. This analysis assumes that appropriations to Strategy A.2.1, from revenue set aside for the Texas-bred program under the provisions of the bill would be funded from the General Revenue Fund.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 476 Racing Commission, 551 Department of Agriculture

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