

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 17, 2019

TO: Honorable Jane Nelson, Chair, Senate Committee on Finance

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: SB26 by Kolkhorst (Relating to the allocation to and use by the Parks and Wildlife Department and Texas Historical Commission of certain proceeds from the imposition of state sales and use taxes on sporting goods.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB26, As Introduced: a negative impact of (\$545,000) through the biennium ending August 31, 2021.

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
2020	(\$218,000)
2021	(\$327,000)
2022	(\$327,000)
2023	(\$327,000)
2024	(\$327,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from General Revenue Fund	Probable Revenue Gain/(Loss) from Historic Site Account
	1	
2020	(\$218,000)	\$218,000
2021	(\$327,000)	\$327,000
2022	(\$327,000)	\$327,000
2023	(\$327,000)	\$327,000
2024	(\$327,000)	\$327,000

Fiscal Analysis

The bill would amend the Government Code, Parks and Wildlife Code, and Tax Code related to the allocation of proceeds from sales and use taxes on sporting goods to the Parks and Wildlife

Department and the Historical Commission. The bill would take effect only if the proposed constitutional amendment proposed by the 86th Legislature, Regular Session, 2019, requiring automatic appropriation of net revenue received from sales taxation of sporting goods would be approved by voters. In that event, the provisions of the bill would take effect September 1, 2021, with the exception of the creation of the dedicated Historic Site Account, which would take effect January 1, 2020.

With voter approval of the constitutional amendment, the bill would create the General Revenue - Dedicated Historic Sites Account. The account would consist of allocations of proceeds from sales and use taxes on sporting goods, transfers to the account, interest, fees and other revenue from operation of historic sites, grants and donations. The bill would also specify the permitted uses for allocations of proceeds from sales and use taxes on sporting goods appropriated to the Parks and Wildlife Department accounts. The permitted uses would include: acquisition, operation, maintenance, and capital improvements of parks; other purposes authorized under Chapter 24, Parks and Wildlife Code; payment of debt service on bonds issued by the department; benefits and benefit-related costs for employees paid from sporting goods sales tax receipts; and state contributions for certain annuitant group coverages administered by the Employees Retirement System of Texas.

With voter approval of the constitutional amendment, 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. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Methodology

According to the Comptroller of Public Accounts, apart from providing that certain funds for the use of the Historical Commission be held in a dedicated general revenue account rather than the General Revenue Fund under current law, the bill would have no significant fiscal implications. The bill would dedicate fees and other revenue generated at historic sites operated by the Historical Commission from the General Revenue Fund to the new General Revenue - Dedicated Historic Site Account beginning January 1, 2020. It is estimated in the Comptroller of Public Accounts' *2020-21 Biennial Revenue Estimate* that fees and other revenue generated at historic sites will be \$327,000 each fiscal year of the biennium.

The analysis reflected in the table above assumes that the related constitutional amendment would be approved by voters and that the fees and other revenue would continue at \$327,000 each fiscal year. The first four months of fiscal year 2020 would elapse prior to establishment of the General Revenue - Dedicated Historic Sites Account and the projected amount deposited to the credit of the new account in fiscal year 2020 is \$218,000.

Under current law, the maximum statutory allocation of proceeds from sales and use taxes on sporting goods for both entities is set at 94.0 percent to the Parks and Wildlife Department and 6.0 percent to Historical Commission and is not amended by this bill. The allocation of the 94.0 percent to the Parks and Wildlife Department among existing dedicated general revenue accounts would be determined in the General Appropriations Act and not by the provisions of this bill.

Based on analysis of the Historical Commission, the Parks and Wildlife Commission, and the Comptroller of Public Accounts, duties and responsibilities associated with implementing the provisions of the bill could be accomplished utilizing existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

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

LBB Staff: WP, KK, MW, TBo