

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 6, 2021

TO: Honorable Terry Canales, Chair, House Committee on Transportation

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB4026 by Rogers (Relating to the disposition of surplus traffic and roadwork safety equipment by the Department of Public Safety and Texas Department of Transportation.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB4026, As Introduced : a negative impact of (\$4,000,000) through the biennium ending August 31, 2023.

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:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2022	(\$2,000,000)
2023	(\$2,000,000)
2024	(\$2,000,000)
2025	(\$2,000,000)
2026	(\$2,000,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Revenue Gain/(Loss) from General Revenue Fund 1	Probable Revenue Gain/(Loss) from Appropriated Receipts 666	Change in Number of State Employees from FY 2021
2022	(\$2,000,000)	(\$368,000)	(10.0)
2023	(\$2,000,000)	(\$368,000)	(10.0)
2024	(\$2,000,000)	(\$368,000)	(10.0)
2025	(\$2,000,000)	(\$368,000)	(10.0)
2026	(\$2,000,000)	(\$368,000)	(10.0)

Fiscal Analysis

This bill would amend the Government Code to establish a new process to donate or to sell surplus traffic and roadwork safety equipment belonging to Texas Department of Transportation (TxDOT) and the Texas Department of Public Safety (DPS) to political subdivisions, including counties, cities, and volunteer fire departments. It would allow TxDOT and DPS to retain revenues from these sales.

Methodology

This analysis assumes that all surplus property from TxDOT or DPS would be disposed of by those agencies, were provisions of this legislation to be enacted.

According to the Texas Facilities Commission (TFC), in fiscal years 2019 and 2020 sales of TxDOT and DPS assets accounted for approximately 45 percent of revenue at the State Surplus Property Program. The agency states that if these sales were removed from the program, TFC would be required to reduce or eliminate services offered by the program to other state agencies as the State Surplus Property Program is completely funded with revenue collected by the program.

TFC estimates that the bill would result in a loss of \$2.0 million per year in General Revenue as a result of reduced sales and that the State Surplus program would lose \$368,000 per year in Appropriated Receipts. These revenue reductions would result in a reduction of FTEs at the program from 16.3 in fiscal year 2021 to 6.3 in fiscal year 2022. The agency states that it is likely the State Surplus program would be insolvent at this level of funding and would be unable to continue to operate.

The estimated loss of \$2.0 million per year in General Revenue from surplus sales could be a revenue gain to other accounts, such as the State Highway Fund 6. However, the bill does not specify the disposition of those proceeds.

According to TxDOT, the fiscal impact of the bill cannot be determined, as the surplus property could either be sold or donated. To the extent that the surplus goods were to be sold, the bill could have a small positive fiscal impact to TxDOT, as the agency would not be required to pay a processing fee charged by TFC. TxDOT also states that the bill could create a positive fiscal impact to TxDOT surplus property operations due to a reduction in staff time that would result from bypassing the steps of the normal surplus property process.

According to DPS, the bill would have no fiscal impact to the agency.

Local Government Impact

According to TFC, the bill is likely to create uncertainty on the part of local governments. Currently TFC acts as single location for state surplus goods. The bill would require local governments to navigate two additional agencies and become familiar with their surplus disposal processes.

According to TxDOT, the bill could have a positive impact on local government to the extent they receive equipment at a reduced cost or as a no-cost donation.

According to DPS, no fiscal impact on units of local government is anticipated.

Source Agencies: 303 Facilities Commission, 405 Department of Public Safety, 601 Department of Transportation

LBB Staff: JMc, AAL, LCO, GP