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

**FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION**

**March 21, 2023**

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

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE:** **HB1156** 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 HB1156, As Introduced : a negative impact of ($6,000,000) through the biennium ending August 31, 2025.

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*** |
|---|---|
| 2024 | ($3,000,000) |
| 2025 | ($3,000,000) |
| 2026 | ($3,000,000) |
| 2027 | ($3,000,000) |
| 2028 | ($3,000,000) |

## All Funds, Five-Year Impact:

| *Fiscal Year* | **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* |
|---|---|---|---|
| 2024 | ($3,000,000) | ($826,873) | (10.0) |
| 2025 | ($3,000,000) | ($826,873) | (10.0) |
| 2026 | ($3,000,000) | ($826,873) | (10.0) |
| 2027 | ($3,000,000) | ($826,873) | (10.0) |
| 2028 | ($3,000,000) | ($826,873) | (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 the 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 enacted.

According to the Texas Facilities Commission (TFC), sales of TxDOT and DPS assets account for approximately 57 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 small and medium state agencies, since 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 $3.0 million per year in General Revenue as a result of reduced sales and that the State Surplus program would lose $826,873 per year in Appropriated Receipts. These revenue reductions would result in a reduction of FTEs at the program from 16.3 in fiscal year 2023 to 6.3 in fiscal year 2024.

The estimated loss of $3.0 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, to the extent that any 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 12 percent processing fee charged by TFC. TxDOT also states that the bill could create a undetermined negative fiscal impact to the agency should property be donated to local entities rather than sold.

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 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

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