

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 20, 2023

TO: Honorable Dade Phelan, Speaker of the House, House of Representatives

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2416 by Paul (Relating to creation of the gulf coast protection trust fund to be administered by the General Land Office.), **As Passed 2nd House**

The fiscal implications of the bill cannot be determined because the timing and amount of funds appropriated, credited, deposited, or transferred and gifts, donations, and grants revenues that would be dedicated to the Gulf Coast Protection Account as well as eligible expenditures that would be made from the Account are unknown.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The bill would amend the Natural Resources Code to create the Gulf Coast Protection Account ("Account"). The Account would be created as a dedicated account in the General Revenue Fund and would be administered by the General Land Office and Veterans' Land Board (GLO). It would consist of gifts, grants, donations, and money appropriated, credited, or transferred to the Account by the Legislature. The bill would require GLO to deposit to the Account any federal money received by the state for the protection of the gulf coast to the extent permitted by federal law. The bill would specify that the Account could be used only to pay expenditures that are eligible for credit towards non-federal match of the Coastal Texas Protection and Restoration Feasibility Study Final Integrated Feasibility Report and Environmental Impact Statement; that comply with the terms of a local cooperation agreement executed by the GLO and the Gulf Coast Protection District ("District"); and that are for projects that are necessary or useful for protecting the gulf coast within the District. The expenditure of money in the Account would be subject to audit by the State Auditor.

Based on information provided by the Comptroller of Public Accounts (CPA), the fiscal impact to the state cannot be determined because the timing, number, and amounts of gifts, grants, donations, appropriations, money credited or transferred by the Legislature, and expenditures from the fund are unknown. The CPA further notes that it is not known how much money the state is currently receiving or will receive from the federal government explicitly for the protection of the gulf coast as well as into what funds or accounts such funds, if any, are being deposited. It is unknown how this provision of the bill might interact with other laws specifying how federal funds are to be deposited. If any of those funds are currently deposited into the General Revenue Fund, the CPA indicates that this bill would decrease an unknown amount of General Revenue that is included in the calculation of the constitutional limit of the balance in the Economic Stabilization Fund.

The GLO assumes the federal grants and funding currently received by the agency, including funding for the Gulf of Mexico Energy Security Act (GOMESA), Community Development Block Grant (CDBG), Coastal Management program, or other related federal funds, would not be subject to the bill's transfer requirement.

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 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.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 305 General Land Office and Veterans' Land Board

LBB Staff: JMc, CMA, MW, EJ, KDw, BRI, CSmi, MOc