

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 4, 2023

TO: Honorable Tracy O. King, Chair, House Committee on Natural Resources

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3165 by Holland (Relating to the establishment, administration, and use of the land and water conservation fund and allocations and transfers of money to that fund, the economic stabilization fund, and the state highway fund.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The fiscal implications are shown in the fiscal note for the corresponding joint resolution (HJR 138).

The bill would amend Section 316.092 of the Government Code relating to the Economic Stabilization Fund's (ESF) sufficient balance to direct the Comptroller, when the ESF balance is below the sufficient balance, to reduce allocations to the newly created land and water conservation fund (LWCF).

This bill would amend Chapter 31 of the Natural Resources Code to add subchapter F (LWCF). The LWCF would be a special fund in the state treasury outside the general revenue fund. The LWCF would consist of: (1) severance tax transfers; (2) money appropriated to the LWCF by law; (3) the proceeds of fees or other sources of revenue dedicated by law for deposit to the LWCF; (4) interest and other earnings on the investment of money in the LWCF; (5) gifts, grants, or donations to the LWCF; and (6) money from other sources designated by the Land and Water Conservation Board (board) for deposit to the LWCF as authorized by law.

The board could use the LWCF only to award grants to eligible entities for a conservation, restoration, or public access project as provided by the bill, and to cover costs to administer the associated grant program. The bill would: (1) provide direction for the grant program and an application process; (2) define eligible projects; (3) grant rule making authority to the board, and (4) establish an advisory committee, and reporting and monitoring requirements.

The Land and Water Conservation Board would consist of: (1) the commissioner of the General Land Office, (2) the executive director of the Texas Commission on Environmental Quality, (3) the executive director of the Parks and Wildlife Department, (4) the executive administrator of the Texas Water Development Board, and (5) the chair of the Land and Water Conservation Technical Advisory Committee. The above agencies have indicated they could incur administrative costs related to their duties under the newly established board; however those costs are assumed to be paid from the the LWCF.

The bill itself would have no revenue implications. Any fiscal implications are shown in the fiscal note for the associated joint resolution (HJR 138).

This legislation would create or recreate a dedicated account in the General Revenue Fund, create or recreate a fund either in, with, or outside of the Treasury, or dedicate or rededicate a revenue source. The dedication included in this bill, unless created by a constitutional amendment, would be subject to funds consolidation review by the current Legislature.

The bill would take effect September 1, 2023, but only if the constitutional amendment providing for the creation of the LCWF, dedicating certain money in that fund to the conservation of, restoration of, or public access to land, water, or natural resources in this state, and providing for the transfer of certain general

revenues to the economic stabilization fund, the land and water conservation fund, and the state highway fund is approved by the voters. If that amendment is not approved by the voters, the bill would have no effect. The contingent effective date is before the date of the election that would approve the associated amendment. The amendments to Subchapter H, Chapter 316, Government Code, would apply beginning with the state fiscal biennium beginning September 1, 2025.

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, 580 Water Development Board, 582 Commission on Environmental Quality, 802 Parks and Wildlife Department

LBB Staff: JMc, KDw, SD, KK