

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 17, 2023

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3447 by Bonnen (Relating to the establishment and administration of the Texas Aerospace Research and Space Economy Consortium and the Texas Space Commission.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3447, Committee Report 1st House, As Amended : a negative impact of (\$3,787,216) through the biennium ending August 31, 2025. The impact reflects the cost to administer the Texas Space Commission. There would additionally be an indeterminate cost to provide financial assistance to eligible institutions for purposes specified in the bill. The cost would be dependent on appropriations to the Space Exploration and Aeronautics Research fund that would be established pursuant to the bill.

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>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2024	(\$1,904,073)
2025	(\$1,883,143)
2026	(\$1,886,313)
2027	(\$1,889,573)
2028	(\$1,892,933)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund</i>	<i>Change in Number of State Employees from FY 2023</i>
2024	(\$1,904,073)	10.0
2025	(\$1,883,143)	10.0
2026	(\$1,886,313)	10.0
2027	(\$1,889,573)	10.0
2028	(\$1,892,933)	10.0

Fiscal Analysis

The bill would create the Texas Space Commission and the Texas Aerospace Research and Space Economy Consortium, which are respectively attached to the Office of the Governor (OOG) and the Texas Higher Education Coordinating Board (THECB). The Texas Space Commission would be composed of a nine-member board of specially qualified individuals. The Commission would be directed to actively seek to promote the

space, aeronautics, and aviation industries within Texas, administer contracts, create boards and committees, provide financial services, and engage in planning and implementation of aerospace-related opportunities. The Commission would be granted rulemaking abilities. The Commission would be directed to create and adopt a yearly strategic plan for its activities, to include potential projects, cost estimates, or any other information deemed necessary.

The Aerospace Research and Space Economy Consortium would be composed of a nine-member executive committee with specific qualifications, of which two members are appointed by the Governor. The Consortium would be directed to identify, promote, and enhance Texas' research and development into aerospace related industries. The Consortium would be required to submit a biennial report to the Texas Space Commission regarding Consortium activities, funding and research opportunities, legislative recommendations, prospective grants of funding the consortium may receive and any research accomplishments associated with the consortium.

The bill would also create the Space Exploration and Aeronautics Research fund outside of the state treasury. It would consist of gifts, grants, donations, and legislative appropriations. The Commission may utilize the funding to make grants to eligible entities for the development of emerging technologies, research, workforce training, and curation of post-mission materials.

The 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 the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject funds consolidation review by the current Legislature.

Methodology

It is anticipated that for the Commission to establish and perform the necessary duties the OOG will need an additional 10 FTEs. The bill specifies that the Commission would be required to have an Executive Director position, which the OOG estimates would be at the Group 6 salary level. In addition, the OOG is anticipating that, to perform programmatic duties, the Commission would need 2 Directors (one to serve as the deputy ED and the other to manage programs), one research specialist, 1 Financial Analyst IV to provide financial services to support aerospace-related development within the state, a Grant Specialist III to administer and monitor grants overseen by the Commission, and 1 Planner V to map out the statewide strategic plan required in the bill. To perform the administrative functions, the OOG anticipates the need for 1 Attorney IV to provide legal advice and guidance to the Commission in the execution of their duties, 0.5 Accountant V to provide financial budgetary support related to fiscal matters of the Commission, 1 Network Specialist V for IT support, and 0.5 Compliance Analyst III to provide oversight and compliance for contracts and grants executed by the Commission. The total estimate for FTE-related costs in the 2024-25 biennium associated with the Commission is anticipated to be \$3,379,287.

Costs associated with the Space Exploration and Research Fund are unknown at this time and will be dependent on appropriations and the number of grants to be administered.

The OOG also indicates that additional office space would be needed to support the Commission's staff. It is anticipated that the additional space would result in a two-year cost of \$207,930, assuming the space is leased.

It is not anticipated by THECB that the Consortium created by the bill will have any significant fiscal implications for the state.

The Comptroller's Office anticipates that the fiscal impact of the bill cannot be estimated.

Technology

The technology impact of the bill includes one-time costs of \$24,000 in fiscal year 2024 and a recurring annual cost of \$32,000 in each fiscal year 2024-2028 thereafter. One-time costs include computers, software, printer, and telecom/voicemail. Annual recurring charges cover data center services and voice line.

Local Government Impact

The fiscal implications of the bill cannot be determined at this time.

Source Agencies: 300 Trusteed Programs Within the Office of the Governor, 304 Comptroller of Public Accounts, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 758 Texas State University System, 768 Texas Tech University System Administration, 769 University of North Texas System Administration, 781 Higher Education Coordinating Board, 783 University of Houston System Administration

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