

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

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

**May 27, 2023**

**TO:** Honorable Dan Patrick, Lieutenant Governor, Senate  
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 Space Commission and the Texas Aerospace Research and Space Economy Consortium.), **Conference Committee Report**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3447, Conference Committee Report : 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 1</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, both administratively attached to the Office of the Governor (OOG). The Texas Space

Commission would be composed of a nine-member independent board of specially qualified individuals, of which three members would be appointed by the Governor. The Commission would be established to strengthen this state's proven leadership in civil, commercial, and military aerospace activity and to promote innovation in the fields of space exploration and commercial aerospace opportunities, including the integration of space, aeronautics, and aviation industries into the economy. The Commission would have grant making authority, The Commission would 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 each institution of higher education and any other entity that its independent executive committee considers necessary. This independent executive committee, composed nine members, two of which are appointed by the governor, would be the Consortium. The executive committee's general duties would include, but are not limited to, developing and executing a comprehensive statewide strategic plan; gathering and coordinating recommendations from consortium members on funding the research opportunities; establishing procedures and policies for the administration of the consortium; and submit a biennial report to the commission. The consortium would be administratively attached to the OOG for the purposes of receiving and administering appropriations and other funds. The OOG would not be responsible for providing to the consortium staff, human resources, contract monitoring, purchasing, or any other administrative support services.

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 fund to make grants to eligible entities for the development of emerging technologies, research, workforce training, and aerospace industry promotion.

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 10.0 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 one to manage programs), 1 Research Specialist IV to provide research for the completion of the Commission duties, 1 Financial Analyst IV to provide financial services to support aerospace-related development within the state, 1 Grant Specialist III to administer and monitor grants overseen by the Commission, 1 Planner V to map out the statewide strategic plan required in the bill, 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.

It is not anticipated that the consortium created by the bill would have any significant fiscal implications for the state.

Costs associated with the Space Exploration and Research Fund are 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.

## **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

**LBB Staff:** JMc, CMA, LCO, HGR, SD, KK, SMAT, NV