

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

March 20, 2023

TO: Honorable Ryan Guillen, Chair, House Committee on Community Safety, Select

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3539 by Troxclair (Relating to the establishment and administration of a state ammunition manufacturing facility; granting rulemaking authority.), **As Introduced**

The fiscal implications of the bill cannot be determined at this time due to a lack of reliable information to provide a reasonably sound basis for estimating the impact of the bill because the scale and likely output of the facility, potential profits or losses associated with the operation of the facility, and the location, size, and scope of the facility are unknown.

The bill would establish the Texas Ammunition Manufacturing Facility (TAMF) as a state agency within the Department of Public Safety (DPS), to manufacture ammunition for use by law enforcement for training and public safety, and by the public for recreational shooting.

The bill would allow the TAMF to sell ammunition to law enforcement agencies, wholesalers, and retailers, but would prohibit the sale directly to consumers or foreign countries. The ammunition sold to law enforcement agencies would not be subject to state or local sales and use tax.

The bill would require DPS to submit an annual report to the Legislature on the status, condition, operations, and prospects for the facility no later than December 1 each fiscal year.

The bill would be effective immediately upon enactment if it received a two-thirds majority vote in both houses of the Legislature. Otherwise, it would be effective September 1, 2023.

According to DPS, the provisions of the bill give broad authority to the agency to establish and operate the facility, but the costs associated, while assumed to be significant, cannot be determined at this time due to the scale and likely output of the facility being unknown.

According to Comptroller of Public Accounts, ammunition sold to governmental law enforcement agencies in Texas is not subject to sales and use taxes under current law, therefore the provisions of the bill exempting sales from TAMF to law enforcement agencies from sales and use taxes are not expected to have a significant fiscal impact. Any potential profits or losses associated with the operation of the facility cannot be determined.

According to the Texas Facilities Commission (TFC), the costs associated with building the facility, while assumed to be significant, cannot be determined at this time due to the location, size, and scope of the building being unknown. TFC does estimate that it would require 4.0 FTE positions including one Project Manager III position, one Inspector IV position, one Accountant IV position, and one Purchaser V position to manage and deliver a major construction project.

Local Government Impact

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

Source Agencies: 303 Facilities Commission, 304 Comptroller of Public Accounts, 405 Department of Public Safety
LBB Staff: JMc, DDeI, KFB, DA