

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

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**April 26, 2007**

**TO:** Honorable Harvey Hilderbran, Chair, House Committee on Culture, Recreation, & Tourism

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB12** by Hilderbran (Relating to the funding, powers, and duties of the Parks and Wildlife Department and the Texas Historical Commission. ), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB12, Committee Report 1st House, Substituted: a negative impact of (\$165,164,000) through the biennium ending August 31, 2009.

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:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	(\$80,512,000)
2009	(\$84,652,000)
2010	(\$88,847,000)
2011	(\$93,294,000)
2012	(\$97,946,000)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND 1</i>	Probable Revenue Gain/(Loss) from <i>STATE PARKS ACCT 64</i>	Probable Revenue Gain/(Loss) from <i>LOCAL PARKS ACCOUNT 467</i>	Probable Revenue Gain/(Loss) from <i>PARKS/WILDLIFE CAP ACCT 5004</i>
2008	(\$80,512,000)	\$62,763,347	\$364,192	\$57,613
2009	(\$84,652,000)	\$65,643,131	\$947,932	\$96,529
2010	(\$88,847,000)	\$68,561,173	\$1,539,427	\$135,962
2011	(\$93,294,000)	\$71,654,506	\$2,166,454	\$177,764
2012	(\$97,946,000)	\$74,890,438	\$2,822,386	\$221,492

Fiscal Year	Probable Revenue Gain/(Loss) from <i>Historic Site Account New GR-D Account</i>	Probable Revenue Gain/(Loss) from <i>Large County and Municipality Recreation and Parks New GR-D Account</i>
2008	\$6,750,720	\$10,576,128
2009	\$6,999,120	\$10,965,288
2010	\$7,250,820	\$11,359,618
2011	\$7,517,640	\$11,777,636
2012	\$7,796,760	\$12,214,924

## **Fiscal Analysis**

The bill would amend Chapter 442 of the Government Code to transfer 18 historical sites from the Texas Parks and Wildlife Department (TPWD) to the Texas Historical Commission (THC) effective January 1, 2008.

It would amend Section 151.801(c) of the Tax Code to remove the current \$32 million cap on the use of proceeds from the sporting goods sales tax (SGST). Total SGST proceeds would be credited as follows: 94% to the TPWD, and 6% to the THC. It would also amend the Parks and Wildlife Code Chapters 11 and 24 such that the portion of the SGST credited to the TPWD would be allocated as follows: 74 percent to the State Parks Account No. 64; 15 percent to the Texas Recreation and Local Parks Account No. 467; 10 percent to a new Large County and Municipality Recreation and Parks Account; and 1 percent to the Parks and Wildlife Conservation and Capital Account No. 5004.

The THC credit would be deposited into a new "Historic Site Account" consisting of SGST deposits, transfers to the account, interest earnings, fees and other revenue from historic sites, and grants and donations to the THC. Money in the new account would be used by the THC to administer, operate, preserve, repair, expand, and maintain historic sites, and acquire a historical item appropriate to a historic site.

Both the new Historic Site Account, and the new Large County and Municipality Recreation and Parks Account, as dedicated accounts in the General Revenue Fund, would be subject to funds consolidation review by the current legislature under Section 403.094 of the Government Code.

The bill would add certain state park management-related provisions such as requirements to create an equipment review system, a maintenance provider review system, and a facility management plan and priorities list to be submitted to the Legislature at the beginning of each legislative session. The equipment review system would involve an annual assessments to determine whether maintenance equipment has become outdated. Outdated equipment identified would be sold and the proceeds would be deposited to the appropriate agency account.

The maintenance provider review would entail annual assessments to determine whether maintenance tasks performed by the agency could be done by a third-party contractor in a more cost-effective manner.

Finally, the bill would require the TPWD to comply with the recommendations contained in the State Auditor's "An Audit Report on Financial Processes at the Parks and Wildlife Department", Report No. 07-02, contingent on the agency receiving sufficient funding to implement the recommendations.

## **Methodology**

The 2008-09 estimate of sporting goods sales tax revenue from the Comptroller's Office are as follows:

Fiscal Year 2008: \$112,512,000

Fiscal Year 2009: \$116,652,000

The loss to the General Revenue Fund was calculated by subtracting these estimated amounts from the current \$32.0 million per year statutory allocation of SGST to TPWD. The same approach, the 2008-09 Comptroller estimate less \$32.0 million, was used for fiscal years 2010 through 2012.

The 6 percent allocation of SGST proceeds for the Historic Site account is reflected in the fiscal impact table.

The three General Revenue Dedicated accounts administered by the TPWD -- State Parks Account No. 64, the Texas Recreation and Local Parks Account No. 467, and the Parks and Wildlife Conservation and Capital Account No. 5004 -- would receive SGST deposits according to the current Parks and Wildlife Code allocations, but at higher amounts given the removal of the SGST cap of \$32

million. These higher deposits are reflected in the fiscal impact table.

As a base of reference, TPWD is estimated to expend \$1,911,000 for site specific operating costs, and \$637,000 in direct and indirect administrative costs, for a total of \$2,548,000, to operate the 18 historic sites in fiscal year 2007. TPWD uses an estimated 57 full-time equivalent (FTE) positions to manage the sites. This includes 47 site-specific FTEs and 10 direct and indirect administrative FTEs.

The Texas Historical Commission has indicated that the total annual cost to administer the 18 historic sites would be approximately \$7.0 million. The agency indicates that it would need to add 100 FTEs for overall site administration. Also, approximately \$34.0 million would be necessary for one time costs, such repairs and restoration of the sites, associated with the transfer.

The equipment and maintenance provider reviews, as well as the implementation of the State Auditors Office March 2007 audit of the TPWD, would result in additional costs to the agency. However, the agency is unable to quantify these amounts.

### **Local Government Impact**

The bill would increase funding for local park grants overall by \$11.0 million in fiscal year 2008, with increasing gains in future years.

**Source Agencies:** 802 Parks and Wildlife Department, 347 Public Finance Authority, 808 Historical Commission

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