LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 8, 2015

TO: Honorable Jane Nelson, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB158** by Larson (Relating to the allocation and use of the proceeds from taxes imposed on the sale, storage, or use of sporting goods.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB158, As Engrossed: a negative impact of ($144,548,252) through the biennium ending August 31, 2017.

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
2016	($70,631,126)
2017	($73,917,126)
2018	($79,839,126)
2019	($86,042,126)
2020	($92,129,126)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from *General Revenue Fund* 1	Probable Revenue Gain from *State Parks Acct* 64	Probable Revenue Gain from *Local Parks Account* 467	Probable Revenue Gain from *Lrg County & Municipal Rec & Parks* 5150
2016	($59,321,552)	$34,401,669	$14,199,139	$9,430,744
2017	($62,607,552)	$36,856,669	$14,678,139	$9,750,744
2018	($68,529,552)	$41,238,669	$15,567,139	$10,342,744
2019	($74,732,552)	$45,829,669	$16,497,139	$10,962,744
2020	($80,819,552)	$50,629,669	$17,070,139	$11,611,744

Fiscal Year	Probable Revenue Gain from *Parks/Wildlife Cap Acct* 5004	Probable (Cost) from *General Revenue Fund* 1
2016	$1,290,000	($11,309,574)
2017	$1,322,000	($11,309,574)
2018	$1,381,000	($11,309,574)
2019	$1,443,000	($11,309,574)
2020	$1,508,000	($11,309,574)

Fiscal Analysis

The bill would amend Chapter 151 of the Tax Code, regarding the sales and use tax. The bill would delete portions of Section 151.801(c-1), which provides for limiting the allocation of sales tax revenue from the sales of sporting goods to appropriated amounts.

The bill would amend Section 151.801(c) to provide for the allocation of the proceeds from collections of sales tax on sporting goods to be 94 percent to the Texas Parks and Wildlife Department (TPWD) and 6 percent to the Texas Historical Commission (THC). Allocations to TPWD would be deposited to four General Revenue-Dedicated accounts as specified in the Parks and Wildlife Code. Revenue losses to General Revenue would match the inverse of the combined revenue increases to General Revenue-Dedicated accounts.

The bill would require all appropriations made from the funds transferred to the four General Revenue-Dedicated accounts be used to acquire, operate, maintain, or make capital improvements to parks; for grants to local units of government and other entities; and for state contributions for employee benefits.

Although the legislation would repeal the existing limitation on the allocation of sales tax revenue from sporting goods to appropriated amounts, these amounts would still be subject to the appropriations process. Unlike TPWD, the THC allocation of proceeds from the collection of sales tax on sporting goods is appropriated directly from the General Revenue Fund and not deposited to a General Revenue-Dedicated account. As a result, the repeal of the limitation on the allocation for the Texas Historical Commission is not anticipated to result in an additional cost to the General Revenue Fund. Furthermore, the legislation, if enacted, could result in large unappropriated balances accruing to the four TPWD General Revenue-Dedicated accounts that receive the allocation if appropriations are not equal to the maximum available allocation.

The bill would take effect September 1, 2015.

Methodology

For purposes of this analysis, it is assumed that no additional appropriation to TPWD above existing 2014-15 levels would occur should this legislation be enacted.

In this analysis the Comptroller of Public Accounts' estimates of sales tax revenue from sales of sporting goods for the five-year period are compared to the annualized amount of sales tax revenue from sporting goods appropriated to the TPWD and THC in the 2014-15 biennium, including estimated fringe benefits and debt service payments. The difference between estimated amounts available and appropriated amounts is shown as a revenue loss to the General Revenue Fund and a revenue gain to the TPWD General Revenue-Dedicated accounts that by statute are recipients of the proceeds.

In its analysis, the Comptroller of Public Accounts extrapolated the estimate for state sales tax revenues from sales of sporting goods in the 2016-17 Biennial Revenue Estimate through fiscal year 2020 and the allocation percentages to the four General Revenue-Dedicated accounts for each year as provided by the legislation and the Parks and Wildlife Code were applied to the estimate for each year.

The revenue gain to the four TPWD General Revenue-Dedicated accounts was derived by calculating the difference between the maximum allocation of state sales tax revenue from sales of sporting goods and the annualized amounts appropriated to TPWD, for debt service, and for benefit costs in the 2014-15 Biennium. These annualized appropriated amounts are indicated by General Revenue-Dedicated Account below:

(1) Transfer from General Revenue to the State Parks Account No. 64: $60,944,331

(2) Transfer from General Revenue to the Texas Recreation and Parks Account No. 467: $5,145,861

(3) Transfer from General Revenue to the Texas Recreation and Parks Account No. 5150: $3,466,256

(4) Transfer from General Revenue to the Texas Parks and Wildlife Conservation and Capital Account No. 5004: $0

Annualized appropriations from state sales tax revenues in the 2014-15 biennium for the Texas Historical Commission was $5,002,515. The legislation if enacted would make on average an additional $3,860,746 per fiscal year in sales tax from sporting goods available for appropriation to THC between fiscal years 2016 and 2020.

The Interagency Contract between TPWD and the General Land Office (GLO) for ongoing coastal erosion projects as outlined in the General Appropriations Act (2014-15 Biennium), Rider 19, page VI-32 in the bill pattern for the GLO and Rider 26, page VI-42 in the bill pattern for TPWD, would no longer be an allowable use of the funds under the provisions of the bill. The Interagency Contract between TPWD and GLO in the 2016-17 biennium totals $11,309,574 each fiscal year from the sporting goods sales tax transfer to the State Parks Account No. 64. This analysis assumes General Revenue would be necessary to replace this amount to continue the ongoing projects related to coastal management and coastal erosion control.

Local Government Impact

Local governments could benefit from the revenue increase in TPWD's local park accounts depending on the appropriations process.

Source Agencies: 304 Comptroller of Public Accounts, 802 Parks and Wildlife Department

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