HOUSE RESEARCH ORGANIZATION bill analysis | 5/2/97 | HB 3189 Kuempel, et al. (CSHB 3189 by Williamson)

SUBJECT: Revenue bonds for repairing state park facilities

COMMITTEE: Ways and Means — committee substitute recommended

VOTE: 8 ayes — Craddick, Ramsay, Grusendorf, Holzheauser, Horn, Oliveira, Telford, Williamson

1 nay — Heflin

2 absent — Stiles, Thompson

WITNESSES: For — David Gochman, Texas Outdoor Recreation

Against — None

On — Andrew Sansom, Lee Bass and Richard Health, Texas Parks and Wildlife

BACKGROUND: In 1993, the Legislature replaced the tobacco tax with a tax on certain sporting goods as a dedicated source of revenue for the Texas Parks and Wildlife Department (TPWD). The department generally uses this money for repairs and maintenance, and finances its operational costs with user license and permit fees. TPWD receives no non-dedicated revenue.

For the current biennium, the amount of tax revenue that the department can receive from the sporting goods tax is capped at $32 million. The first $27 million of this amount is divided equally between the state (State Parks Account) and local parks (Texas Recreation and Parks Account). The remaining $5 million is allocated according to the following formula: 40 percent to state parks, 40 percent to local parks, and 20 percent to the TPWD capital account. The capital account can be used to pay debt service on TPWD bonds and for parks, facility repair, fisheries, and wildlife projects.

DIGEST: HB 3189 would authorize TPWD to request the Texas Public Finance Authority to issue up to $60 million in revenue bonds for repairing, renovating, improving, and equipping parks and wildlife facilities. Bond proceeds would go to the credit of the Texas Parks and Wildlife capitol account.

The bill would take effect September 1, 1997.

SUPPORTERS SAY:

Facilities in state parks all across Texas are in desperate need of repair. Some of them were built in the 1950s and they were not designed to handle the amount of traffic they now generate. TPWD has determined backlogged repairs and maintenance costs will total $161 million through the year 2000; $75 million is needed to take care of critical and pressing needs.

The department needs $50 million to make water and wastewater improvements to state park facilities in order to comply with state and federal environmental requirements. If these repairs are not made, the TPWD could be subject to punitive action on both a state and federal level. Another $20 million is required for critical structural repairs to state park facilities and $5 million for improvements required under the federal Americans with Disabilities Act.

The department is *operationally* self sufficient because of license and permit fees, primarily hunting and fishing licenses and camping fees. Tax revenue goes to support repairs and maintenance, but it simply cannot cover the enormous costs of maintaining a large number of aging facilities across the state.

The $60 million in revenue bonds proposed by CSHB 3189 would allow TPWD to finance critical repairs promptly. A contingency rider in Article 11 of the Senate version of HB 1, the general appropriations bill, would appropriate $5 million dollars to the department to service the debt on the bonds issued under HB 3189. The bonds would allow TPWD to expedite the most critical repairs that are needed, rather than waiting each year for annual appropriations. The department has $16 million remaining in general obligation bonding authority that was originally issued in the 1960s. This amount, added to the $60 million in revenue bonds, would cover the $75 million needed for critical repairs.

It is much better to finance capital repairs through revenue bonds than to dedicate more sales tax revenue to TPWD; sales tax revenue should be reserved for the general needs of the state.

OPPONENTS SAY:

TPWD was supposed to become self-sufficient when the Legislature dedicated the sales tax on sporting goods. It would be mistake for the Legislature to now provide the department $5 million from general revenue to support the debt service on the bonds that would be authorized by CSHB 3189. This would encourage the department to become dependant once again on general revenue rather than finding innovative ways to finance its deferred maintenance costs.

OTHER OPPONENTS SAY:

The state should increase the amount of dedicated revenue TPWD receives from the sporting goods tax in order to set up a revenue stream that would support the bond debt service. This would present a much more secure flow of income to the department than a biennial appropriation, and might allow the department to secure better bond rates.

The sporting goods tax revenue is akin to a user-fee in that it is used to repair and maintain the the parks that provide recreational opportunities for the people who buy the equipment. Sporting goods stores support the idea of their taxes being used to improve areas where there will be a need for their products.

The Legislature should not specially dedicate any sales tax revenue, either for TPWD or any other agency.

NOTES:

The fiscal note for the bill estimates that the probable cost from the Texas Parks and Wildlife capitol account for debt service payments on the bonds would be approximately $1.3 million for the first biennium they were issued.

The committee substitute deleted provisions in the original version which would have increased the amount of dedicated revenue that TPWD could receive from the tax on sporting goods and increased the maximum annual credit of sales tax on sporting goods going to the TPWD capital account from $32 to $37 million.

The companion bill, SB 1741 by Armbrister et al., was reported favorably by the Finance Committee on April 18. SB 1741 includes provisions to increase the amount of dedicated revenue that TPWD could receive from the tax on sporting goods, cap the amount of tax money that could be credited to TPWD, and authorize TPWD to request the issuance of $60 million in revenue bonds.

A related bill, SB 807 by Lucio and Wentworth, would increase the amount of dedicated revenue that TPWD could receive from the tax on sporting goods and cap the amount the comptroller could credit to the department from the tax for the next three biennia. SB 807 was reported favorably from the Senate Finance Committee on April 10.