

SUBJECT: Abolishing the State Aircraft Pooling Board

COMMITTEE: State Affairs — committee substitute recommended

VOTE: 7 ayes — Swinford, Miller, B. Cook, Farrar, J. Keffer, Martinez Fischer, Wong
0 nays
2 absent — Gattis, Villarreal

WITNESSES: For — None
Against — None
On — David S. Fulton, Texas Department of Transportation

BACKGROUND: In 1979, the 66th Legislature created the Aircraft Pooling Board (APB) and transferred most state-owned aircraft to the new agency. The APB was responsible for maintaining and operating the state's fleet of aircraft. Its mission was to provide air transportation for state officials and employees traveling on state business, and to provide maintenance, repair and storage services for aircraft owned by other state agencies.

The 77th Legislature in 2001 continued the APB for 12 years and required the board to conduct long-range planning for its aircraft usage needs. The Sunset legislation also directed the APB to begin planning to replace its fleet of aging aircraft to save on future maintenance costs. However, Gov. Perry line-item vetoed that agency's entire \$7.4 million budget from the fiscal 2004-05 general appropriations act, and funding for the APB does not appear in the House or the Senate proposed budget for fiscal 2006-07.

DIGEST: CSHB 3285 would abolish the APB and authorize the Texas Building and Procurement Commission (TBPC) to sell all of the APB's aircraft and aircraft-related equipment. Proceeds from the sale of APB aircraft and equipment would be used first to pay off the board's debt. The Department of Public Safety (DPS) would provide fuel and aircraft maintenance services to state agencies on a cost recovery basis.

APB assets other than aircraft and aircraft-related equipment would be transferred to other state agencies as follows:

- DPS would receive the APB's fuel and fuel storage equipment. Also, DPS would employ the APB's aircraft mechanics to assist with their own aircraft fleet;
- DPS and the Parks and Wildlife Department (TPWD) would share the APB's facilities at the Austin-Bergstrom International Airport. DPS and TPWD could use part of the facilities and sell or lease any unused property after repaying any outstanding debts.

The bill would not affect the University of Texas System's ability to own or operate aircraft. Also, the bill would transfer the responsibility of scheduling Texas A&M University aircraft to the Texas A&M Board of Regents.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise it would take effect September 1, 2005.

**SUPPORTERS
SAY:**

CSHB 3285 would save the state money by abolishing the APB. It would allow the state to avoid future maintenance costs by using private charter services. Continuing to maintain an aging fleet of aircraft would increase service costs and safety risks in the future.

The state could gain about \$12.4 million through the sale of the board's airplanes and other assets, which would net more than \$10 million after the settlement of APB's outstanding debt-service obligations. The governor's line item veto cut off funding to the APB last year, so the time has come to legally dissolve the agency, dispose of its assets, and arrange to pay off its debt.

**OPPONENTS
SAY:**

Aircraft pooling is the safest and most economical way of providing aircraft services to state agencies. Any initial savings from abolishing the APB would be offset by higher costs that state agencies would pay under contracts with private companies. Use of APB aircraft also allows for state employees to put in complete work days and reduces the need for overnight stays, which saves money and increases productivity.

NOTES:

The committee substitute differs from the original bill by adding the following:

- TBPC, rather than TxDOT would sell APB aircraft and equipment at market value and repay outstanding debt with the proceeds;
- DPS would receive APB mechanics, fuel, and fuel storage equipment;
- DPS and TPWD would receive APB facilities at the Austin-Bergstrom International Airport;
- UT and Texas A&M would maintain and/or assume control of university aircraft; and
- DPS would work with agencies that continued to operate planes.

The fiscal note projects that the bill would generate approximately \$12.4 million in general revenue-related funds in fiscal 2006-07 through the sale of aircraft. The Legislative Budget Board also estimates some \$2 million in APB debt that the state would have to pay off.