

SUBJECT: Crediting proceeds of DPS or TxDOT property to State Highway Fund

COMMITTEE: Transportation — favorable, without amendment

VOTE: 5 ayes — Krusee, Phillips, Hamric, Deshotel, Hill

0 nays

4 absent — Callegari, Casteel, Flores, West

SENATE VOTE: On final passage, May 13 — 30-0

WITNESSES: No public hearing.

BACKGROUND: Government Code, sec. 2175.134(a), requires the Texas Building and Procurement Commission (TBPC) to deposit proceeds obtained from the sale of surplus and salvage property from state agencies into the general revenue fund. Subsec. (c) requires that proceeds from the sale of surplus and salvage property from the Aircraft Pooling Board (APB) be credited to the board's account.

The APB is responsible for maintaining and operating the state's fleet of aircraft. The APB failed to receive funding through the appropriations processes in both the 78th and 79th Legislatures. It currently has 12 aircraft with an estimated total market value of approximately \$12.4 million and the agency's outstanding debt payments are an estimated \$2 million. HB 3285 by Swinford, which passed the House on May 9 and has been referred to the Senate Transportation and Homeland Security Committee, would abolish the APB and authorize the sale of the board's assets.

DIGEST: SB 322 would require that proceeds from the sale of surplus or salvage property originally purchased with money from the State Highway Fund be deposited in the State Highway Fund. The bill also would require proceeds from the sale of the APB's assets to be deposited in the State Highway Fund.

Proceeds from the sale of property originally purchased wholly or in part

with money from the State Highway Fund by the General Land Office (GLO) also would be credited to the State Highway Fund. Money obtained from fees collected by TBPC to offset costs of the sale of surplus and salvage property would be credited to the general revenue fund.

The bill would take effect on September 1, 2007.

**SUPPORTERS
SAY:**

SB 322 would ensure that proceeds from the sale of property purchased with dedicated revenues were not diverted to purposes other than those from which the revenues were derived. Revenue obtained from the sale of Texas Department of Transportation (TxDOT) or Department of Public Safety (DPS) property should be returned to the State Highway Fund and used to build and police the state highway system. Similarly, proceeds from the sale of APB assets should be credited to the State Highway Fund, as it is the fund currently being used to finance APB operations.

**OPPONENTS
SAY:**

No apparent opposition.

NOTES:

During consideration of SB 1863 by Ogden on May 22, the House adopted a floor amendment by Rep. Krusee containing the provisions in SB 322, except those pertaining to Aircraft Pooling Board proceeds. SB 1863 has been postponed until today.