

BILL ANALYSIS

Senate Research Center
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S.B. 694
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Natural Resources & Economic Development
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The National Museum of the Pacific War is a museum owned by the State of Texas and operated by the Admiral Nimitz Foundation (foundation). In 2005, legislation was passed to enable the Texas Historical Commission (THC) to engage in a public-private partnership with the foundation to operate the useum. It also established a separate account in the general revenue fund consisting of transfers, revenue from operation of the museum, grants and donations, investment income, and appropriations for uses relating to museum expenditures.

Under the agreement, the foundation runs the museum, acquires and maintains the various exhibits, and employs the vast majority of the individuals who work at the museum, while the State of Texas maintains ownership of the facilities and is responsible for related capital expenditures. Since its formation, the public-partnership between THC and the foundation has resulted in a 70 percent reduction in the state's personnel cost while simultaneously increasing museum assets, staffing, and visitation.

Under the current funding structure, the admission proceeds are considered state funds and included in the state's general revenue. However, the public-private partnership requires these funds be paid from the THC to the foundation to assist in funding the museum's operations. By law, all state funds must be deposited into a State of Texas account at a local bank, and may not be comingled with other funds. On a regular basis, the state takes those funds, matches them against admission receipts, then sends the funds back to the local account, at which point the foundation may transfer the proceeds into a museum fund to use solely for operational use. This process is not only redundant, but the non-comingling of funds also prohibits the foundation from offering online ticket sales and package deals.

This bill addresses this issue by creating the National Museum of the Pacific War Museum Fund to be held outside the state's treasury and consisting of admissions revenue and donations. By holding the funds outside the treasury, the foundation will be able to maximize its revenue potential and increase the number of visitors to the museum while eliminating the duplicative bookkeeping the state is required to do now. The statute specifically provides that the funds may only be spent to benefit the National Museum of the Pacific War, and that THC is responsible for the fund and must provide oversight.

As proposed, S.B. 694 amends current law relating to the creation of the National Museum of the Pacific War museum fund.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 442.053(c), Government Code, to require the Texas Historical Commission (THC) to deposit the proceeds of revenue bonds or other revenue obligations issued under this section in accordance with Chapter 1232 (Texas Public Finance Authority), rather than requires THC to deposit the proceeds of revenue bonds or other revenue obligations to the credit

of the National Museum of the Pacific War account, and use the proceeds only for certain purposes related to the museum.

SECTION 2. Amends Subchapter B, Chapter 442, Government Code, by adding Section 442.056, as follows:

Sec. 442.056. NATIONAL MUSEUM OF THE PACIFIC WAR MUSEUM FUND. (a) Defines "commission" and "fund."

(b) Provides that the National Museum of the Pacific War museum fund (fund) is created as a fund outside the state treasury. Requires THC to administer the fund but authorizes THC to contract with the Admiral Nimitz Foundation for administration of the fund. Provides that the fund consists of admissions revenue from operation of the museum and donations made to THC for the museum.

(c) Authorizes money in the fund to be spent without appropriation and only to administer, operate, preserve, repair, expand, or otherwise maintain the museum.

(d) Requires interest and income from the assets of the fund to be credited to and deposited in the fund.

SECTION 3. Repealer: Section 442.054 (National Museum of the Pacific War Account), Government Code.

SECTION 4. Effective date: upon passage or September 1, 2017.