

SUBJECT: Dedicating sporting goods sales tax revenue to TPWD and THC

COMMITTEE: Appropriations — favorable, without amendment

VOTE: 23 ayes — Zerwas, Longoria, C. Bell, G. Bonnen, Buckley, Capriglione, Cortez, S. Davis, M. González, Hefner, Howard, Jarvis Johnson, Miller, Muñoz, Schaefer, Sherman, Smith, Stucky, Toth, J. Turner, VanDeaver, Walle, Wilson

0 nays

4 absent — Minjarez, Rose, Sheffield, Wu

WITNESSES: For — (*Registered, but did not testify:* Brian Tickle, Access Fund; Lauren Spreen, Apache Corporation; Tammy Embrey, City of Corpus Christi; Guadalupe Cuellar, City of El Paso; Sally Bakko, City of Galveston; Christine Wright, City of San Antonio; Dennis Borel, Coalition of Texans with Disabilities; Joey Park, Coastal Conservation Association Texas, Texas Wildlife Association, Texas Agriculture Land Trust; Kirby Brown, Ducks Unlimited; Allison Brooks, Friends Of Lake Wood; David Sinclair, Game Warden Peace Officers Association; Pamela Bixby, League of Women Voters Texas; Bill Kelly, City of Houston Mayor's Office; Cary Dupuy, National Parks Conservation Association; Scott Moorhead, Texas Audubon; Janice Bezanson, Texas Conservation Alliance; John Shepperd, Texas Foundation for Conservation and Texas Coalition for Conservation; Scott Houston, Texas Municipal League; Ron Hinkle, Texas Travel Industry Association;; Laura Huffman, The Nature Conservancy; Alexis Tatum, Travis County Commissioners Court)

Against — None

On — (*Registered, but did not testify:* Brent Leisure and Mike Jensen, Texas Parks and Wildlife Department)

BACKGROUND: Tax Code sec. 151.801 requires 94 percent of the proceeds from the collection of state taxes imposed on the sale, storage, or use of sporting

goods to be credited to the Texas Parks and Wildlife Department (TPWD), while 6 percent is credited to the Texas Historical Commission (THC). The comptroller determines the amounts deposited to the funds.

Funds credited to TPWD accounts may be appropriated only to acquire, operate, maintain, and make capital improvements to parks; provide state assistance for local parks; and fund the state contributions for certain employee benefits.

Funds credited to THC are deposited to the Historic Site Account, a separate account in the general revenue fund under Government Code sec. 442.073. Any money in the account not used in a fiscal year remains in the account.

According to the Legislative Budget Board, the Legislature appropriated \$295.6 million, or 88.6 percent of the sporting goods sales tax estimated to be available in the fiscal 2018-19 biennium.

DIGEST:

HJR 39 would amend the Texas Constitution to automatically appropriate to the Texas Parks and Wildlife Department (TPWD) and the Texas Historical Commission (THC) the net revenue collected from any state taxes imposed on the sale, storage, use, or consumption of sporting goods as provided by general law.

The Legislature could limit the use of these funds and, by adoption of a resolution approved by a record vote of two-thirds the membership of each house, could direct the comptroller to reduce by up to 50 percent of the amount that would otherwise be appropriated to TPWD and THC. The comptroller could make that reduction only in the current or next two fiscal years.

Funds automatically appropriated to TPWD and THC could not be considered available for certification of the budget.

The ballot proposal would be presented to voters at an election on November 5, 2019, and would read: "The constitutional amendment

requiring the automatic appropriation of the net revenue received from the collection of state taxes imposed on the sale, storage, use, or other consumption in this state of certain sporting goods to the Parks and Wildlife Department and the Texas Historical Commission."

If approved by voters, HJR 39 would take effect September 1, 2021, and would apply only to state tax revenue collected on or after that date.

**SUPPORTERS
SAY:**

HJR 39 would correct a loophole in current statute that was unintended when the Legislature first decided to direct the portion of the state sales tax generated from sporting goods to the Texas Parks and Wildlife Department (TPWD) and the Texas Historical Commission (THC). Currently, not all of the generated revenue is actually provided to the agencies by the Legislature through the state budget, resulting in our state and local parks and historic sites going underfunded.

Parks and historic sites are aging, and there are millions of dollars in needs for deferred maintenance projects. It is important to fully fund parks since they have a positive economic impact on several industries, including tourism, fishing, hunting, and others. An automatic, sustainable funding source from the sporting goods sales tax, as required by the joint resolution, would allow TPWD and THC to access enough funds for planning and repairs for our crumbling parks and historic sites, ensuring that Texans can enjoy these places for years to come.

The resolution simply would clarify that the revenue generated from the sporting goods sales tax required to be deposited into TPWD and THC accounts would be automatically appropriated to those agencies, rather than remaining unspent. Lawmakers would have the ability to reduce appropriations at their discretion by up to 50 percent. HJR 39, in combination with HB 1214 by Cyrier, would leave the question up to the voters on whether Texans want to fully fund their state parks and historic sites.

OPPONENTS

By making certain accounts general revenue dedicated accounts, HJR 39

SAY: would remove the Legislature's ability to use discretion when budgeting. Dedicated accounts give appropriators less flexibility and could lead to unnecessary growth of the state budget by requiring money to go to one area, even if needs were greater in another.

**OTHER
OPPONENTS
SAY:** HJR 39, in combination with HB 1214, would require the Texas Historical Commission (THC) to make the Historic Site Account a general revenue dedicated account, which would give THC less flexibility in budgeting and could affect how the commission absorbed certain costs like employee benefits. THC already has the authority to make the account a dedicated account if it chooses, so this provision would be unnecessary.

NOTES: HB 1214 by Cyprier, the enabling legislation for HJR 39, is set for second reading consideration today on the Major State Calendar.

According to the Legislative Budget Board, HJR 39 would cost the general revenue fund \$177,289 in fiscal 2020-21 for publication of the resolution.