

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 — Jerry Bark, City of Harker Heights and Texas Recreation and Parks Society; (*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; Luke Metzger, Environment Texas; 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; Rick Thompson, Texas Association of Counties; Scott Moorhead, Texas Audubon; Janice Bezanson, Texas Conservation Alliance; John Shepperd, Texas Foundation for Conservation, 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:** HB 1214 would require the Legislature to allocate money generated from the sporting goods sales tax and credited to the Texas Parks and Wildlife Department (TPWD) to department accounts in amounts specified by the general appropriations act.

The bill would expand the authorized uses of the TPWD accounts to include paying debt services on bonds issued by the department and would specify how the accounts could be used to fund the state contribution for certain employee benefit-related costs.

HB 1214 would make the Historic Site Account a dedicated account in the general revenue fund effective January 1, 2020. The bill also would remove provisions exempting the account from statutory requirements on dedicated accounts and requiring money not used in a fiscal year to remain in the account.

The bill would take effect only if a proposed constitutional amendment requiring the automatic appropriation of net revenue received from the collection of state taxes imposed on sporting goods to TPWD and the Texas Historic Commission was approved by voters. If that amendment was not approved by the voters, this bill would have no effect.

The bill would take effect September 1, 2021.

SUPPORTERS  
SAY:

HB 1214 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 TPWD and THC. Currently, not all of the generated revenue is actually provided to the agencies by the Legislature through the state budget, resulting in 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 bill, 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 bill 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. HB 1214, in combination with HJR 39 by Cyrier, would leave the question up to the voters on whether Texans want to fully fund their state parks and historic sites.

OPPONENTS  
SAY:

HB 1214, by making certain accounts general revenue dedicated accounts, would remove the Legislature's ability to use discretion when budgeting.

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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:**

HB 1214 would require 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 is the enabling legislation for HJR 39 by Cyrier, which would amend the Texas Constitution to automatically appropriate revenue from the sales tax imposed on sporting goods to TPWD and THC. HJR 39 is set for second reading consideration today on the Constitutional Amendments Calendar.

According to the Legislative Budget Board, the bill would have an estimated negative impact of \$545,000 in general revenue related funds through fiscal 2020-21.