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Financial Overview

Texas Parks and
Wildlife Department

DECEMBER 2020

INTRODUCTION

The Texas Parks and Wildlife Department Financial Overview document was developed by TPWD’s Financial Resources Division to provide information on agency responsibilities, sources of funding, budget and financial issues, and appropriation requests. Its primary design is to function as a reference tool for commissioners, management, employees, constituent groups and other agency customers.

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Roles and Responsibilities

The mission of TPWD is “to manage and conserve the natural and cultural resources of Texas and to provide hunting, fishing and outdoor recreation opportunities for the use and enjoyment of present and future generations.”

As reflected in the Parks and Wildlife Code, the department’s responsibilities encompass a range of activities:

State law authorizes TPWD to plan, acquire, improve, operate and maintain a system of public lands. These resources include over 1.4 million acres of parks and recreation areas, wildlife management areas, natural areas and historic/cultural areas. In all, the department manages 88 state parks and 50 wildlife management areas.

TPWD also continues to serve as the state agency with primary responsibility for conserving, protecting and enhancing the state’s fish and wildlife resources. In fulfilling these responsibilities, the department monitors and assesses habitats, surveys fish and game populations, conducts research and demonstration projects, provides technical guidance and assistance to landowners, and currently operates eight fish hatcheries.

The department is also charged with regulating and enforcing commercial and recreational fishing, hunting, and boating laws in the state. Since the consolidation of related regulatory powers in 1983, TPWD sets and administers all rules regarding the taking of fish and wildlife in Texas. A force of approximately 550 commissioned peace officers serving as TPWD game wardens, as well as over 150 commissioned park police officers, ensure compliance with these regulations, and with provisions of the Parks and Wildlife Code, certain portions

of the Penal Code, the Water Code and the Antiquities Code. TPWD game wardens have the same authority as a sheriff to apprehend, convict, fine, and jail violators, in coordination with state and local prosecutors and courts.

TPWD serves an important role in environmental protection by monitoring, conserving and enhancing the quality of rivers, streams, lakes, coastal marshes, bays, beaches, gulf waters, and other aquatic and wildlife habitats. These activities incorporate pollution surveillance and enforcement of certain environmental laws. By statute, the department coordinates much of this activity with other state and federal agencies such as the Texas Commission on Environmental Quality and the U.S. Environmental Protection Agency.

The department is the primary educator of the public regarding laws and rules related to fish, game and environmental habitats, boating safety, firearm safety for hunters, fish and wildlife conservation and outdoor recreation in general. In addition to offering workshops, certification classes and outreach events, the agency disseminates information to the public through the *Texas Parks & Wildlife* magazine, a weekly television show that airs on numerous public broadcasting systems throughout the state, and other means such as email communications, podcasts and social media.

Finally, the department also provides assistance and direct matching grants to local political subdivisions and nonprofit entities for planning, acquisition or development of local parks, indoor and outdoor recreational facilities, and for recreation, conservation and education programs for underserved populations. These grants are funded through a combination of state and federal sources.

Organization

The department is functionally organized into 12 divisions that range in size from 11 positions to 1,347 regular full-time equivalent positions (see Figure 1). Division oversight responsibilities rest with the Executive Director and the Chief Operating Officer. Except for some administrative functions, all divisions of the agency have locations at regional and other offices throughout the state.

The COMMUNICATIONS DIVISION is the marketing and public information arm of the department, responsible for administering outreach and education programs and disseminating outdoor recreation/conservation-related information to the public through both internal and external media.

The COASTAL FISHERIES DIVISION is responsible for protecting, managing and ensuring the long-term sustainability of Texas’s marine resources. Major activities and programs of this division include assessments for marine resource management; stock identification and research; fisheries enhancement; the Artificial Reef program; and habitat conservation and restoration activities. The Coastal Fisheries Division also operates three marine fish hatcheries to produce and stock saltwater fish into public waters.

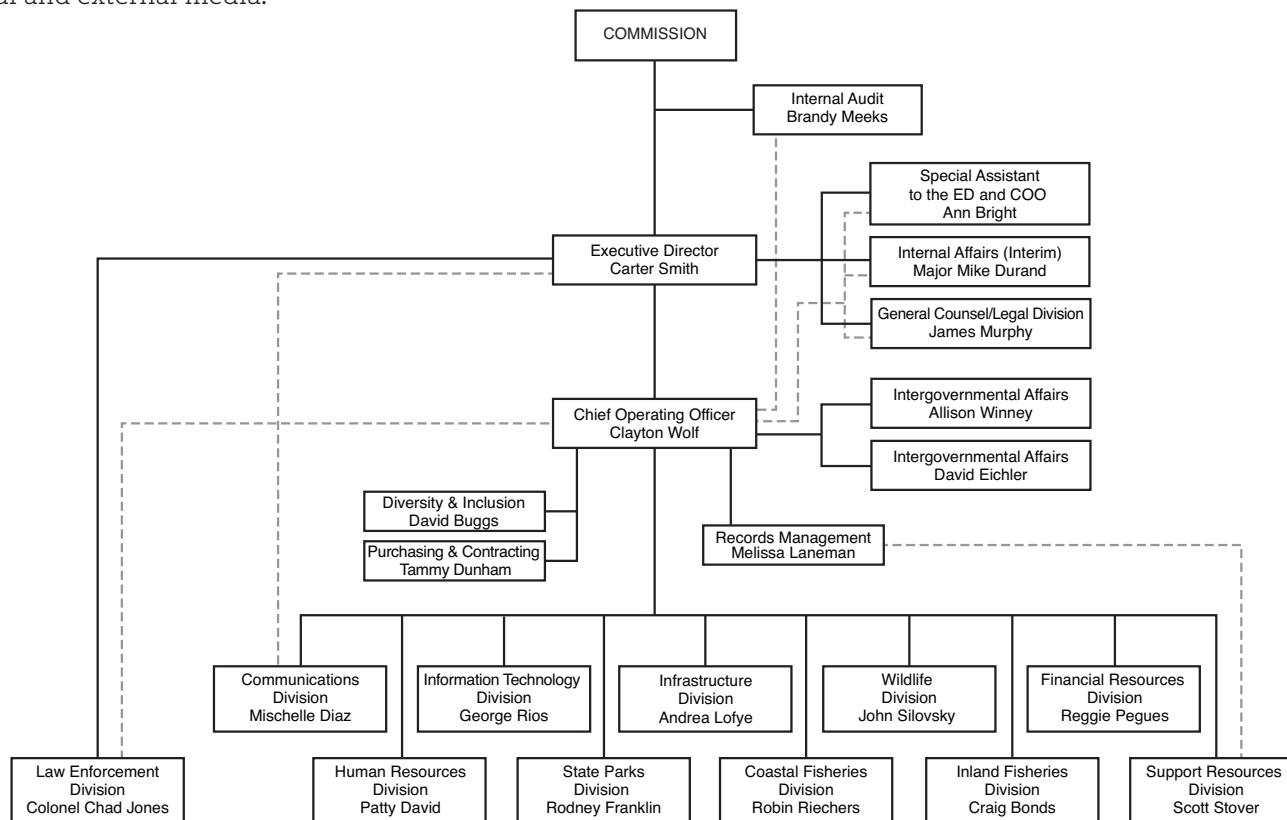


Figure 1

The FINANCIAL RESOURCES DIVISION provides financial management, accounts payable, and budget and planning services for the entire department. Boat registration and licensing functions are also included in this division.

The HUMAN RESOURCES DIVISION maintains all personnel records and develops personnel related policy and procedures; determines training needs and priorities; and provides day-to-day services in payroll, employee recruitment, benefits and relations.

The INFORMATION TECHNOLOGY DIVISION oversees information technology services in support of all TPWD divisions. Responsibilities include the development of policies and procedures, telecommunications and network operations, application development and maintenance, and hardware and software customer support.

The INFRASTRUCTURE DIVISION manages the capital construction program for TPWD facilities statewide. Division functions include project planning; budgeting; accounting; engineering and architectural design; design and construction contracting; construction; and construction inspections, construction management, and land surveying. The division also administers the Land Conservation Program, including activities such as land acquisition and disposition, leasing, negotiation of easements and surface use agreements, and real estate administration; and the Texas Farm and Ranch Lands Conservation Program, which provides funds for qualified easement holders to acquire conservation easements for long-term protection of privately owned lands with high values for water, fish, wildlife and agriculture production that are at risk of development.

The INLAND FISHERIES DIVISION is responsible for the protection, enhancement and regulation of the state's freshwater resources. Activities include fisheries management and research; ecosystem and habitat assessment; aquatic invasive species monitoring and treatment; instream flow and river studies; fish production; fish kill

assessments; natural resource damage recovery; wetlands conservation; permitting; angler education and information; and fishing access. The Inland Fisheries Division operates five freshwater fish hatcheries.

The LAW ENFORCEMENT DIVISION's main responsibility is to serve the citizens of Texas by providing professional law enforcement, water safety, and search and rescue, while working to conserve and protect the natural resources of Texas.

The LEGAL DIVISION provides legal assistance and advice to the TPW Commission and TPWD staff; represents the department in administrative legal proceedings; assists the Attorney General's office in litigation involving TPWD; and coordinates responses to requests for information under the Texas Public Information Act.

The STATE PARKS DIVISION is the largest (both organizationally and financially) of the agency's divisions, employing 1,347 FTEs responsible for the management and operation of state parks, state natural areas, and historic sites, and for administration of the department's local parks grants program. Additionally, state parks police officers are responsible for ensuring the overall safety, security and protection of state parks, visitors and resources.

The SUPPORT RESOURCES DIVISION provides agency-wide support for risk management, safety, Federal Emergency Management Agency coordination, fleet and radio, sustainability, Americans with Disabilities Act coordination, Austin HQ facility and grounds management, records management, and agency policies and procedures.

The WILDLIFE DIVISION manages the taking of state wildlife; coordinates wildlife management on department owned and other public lands; administers the public hunt program; conducts surveys and research studies; issues scientific permits; and provides wildlife management assistance to private landowners.

The Budget and Where It Goes

The Fiscal Year 2021 combined budget for TPWD, which includes operating expenses, capital projects, grants and employee benefits, totals approximately \$444.6 million.

BY DIVISION/FUNCTION

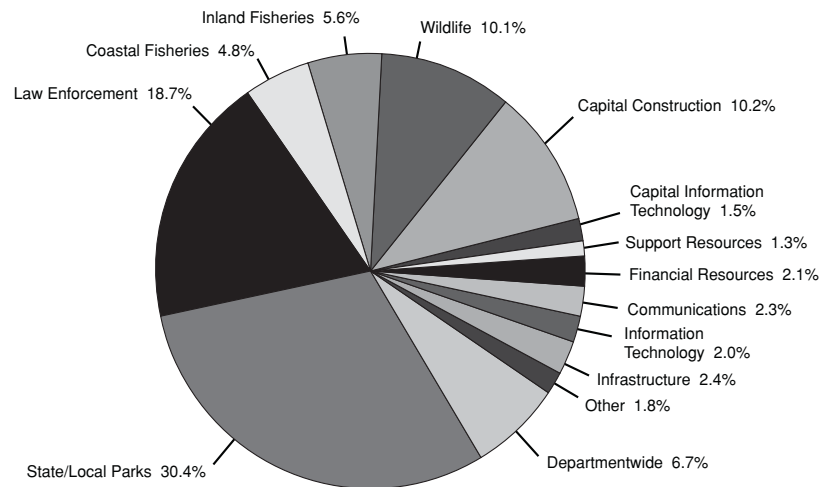
As shown in Figure 2, the State Parks Division accounts for the largest portion (30.4 percent) of the budget. Of the total State Parks Division budget of \$135.4 million, approximately \$16.0 million will be “passed through” in the form of grants to local governments and other entities. Funding for the Law Enforcement Division comprises the second largest portion of the budget at 18.7 percent, or \$83.3 million.

Allocations for aquatic resource protection and fish and wildlife management activities, reflected in the Wildlife, Coastal, and Inland Fisheries divisions, together represent roughly 20.5 percent of the budget. The Wildlife Division budget is the largest, at \$44.9 million, followed by Inland Fisheries (\$25.0 million) and Coastal Fisheries (\$21.2 million).

Support functions provided by Communications, Financial Resources, Human Resources, Information Technology, Infrastructure, Legal, Support Resources and the Executive Office account for 11.9 percent of the budget, while Capital Construction and Capital Information Technology categories together account for approximately 11.7 percent of the budget.

Finally, department-wide initiatives, such as estimated federal apportionments; payments to license agents, Tax Assessor Collectors, and the license vendor; and the transfer of funds to the Battleship TEXAS Foundation, make up 6.7 percent (or \$29.9 million) of the overall Fiscal Year 2021 budget.

FY 2021 Total Budget by Division \$444.6 million



Source: 8/27/20 Commission Meeting Materials, FY 2021 Operating and Capital Budget
Does not reflect 5% reductions.

BY CATEGORY

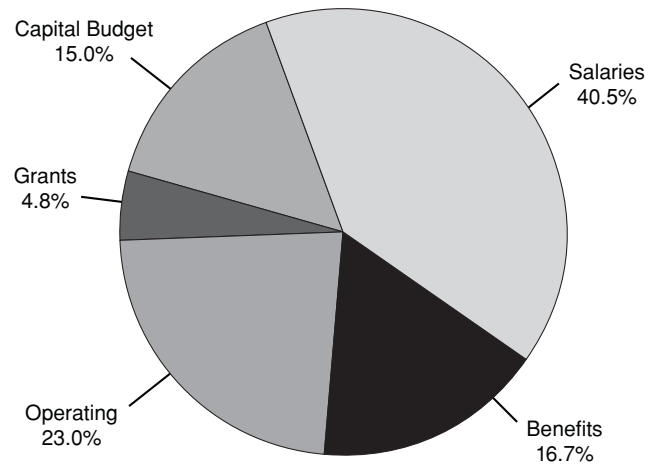
As a heavily service-oriented agency with roughly 3,223 authorized full-time equivalent positions, personnel costs comprise the largest portion of TPWD’s budget. As shown in Figure 3, approximately 40.5 percent (or \$180.1 million) of the overall budget is allocated for salaries in Fiscal Year 2021. Employee benefits account for an additional 16.7 percent (or \$74.1 million) of the Fiscal Year 2021 budget. It is important to note that benefits are not considered part of TPWD’s appropriated amounts; rather, they are transferred to the state’s retirement system in compliance with provisions that require payments for employee benefit costs to be proportional to the source from which the salaries are paid. For a majority of state agencies, general revenue

Figure 2

is used to fund salaries and as a result, general revenue is directly appropriated to the retirement system for payment of benefits. However, because much of TPWD funding is derived from agency-specific accounts and most salaries are paid from these sources, payments for benefit costs must be transferred out of the specific accounts to the state’s retirement system.

The next largest category of TPWD spending is operating costs, accounting for 23.0 percent (\$102.3 million) of the total budget, followed by critical infrastructure repairs and other items that comprise the agency’s capital budget, which account for approximately 15.0 percent (or \$66.7 million) of the overall budget. Finally, the department’s grant budget comprises 4.8 percent (or approximately \$21.4 million) of overall funding. This includes amounts for local parks, outreach, boating access and other grant programs.

FY 2021 Total Budget by Category \$444.6 million



Source: 8/27/20 Commission Meeting Materials, FY 2021 Operating and Capital Budget
Does not reflect 5% reductions.

Figure 3

Financing the Budget

DEPARTMENT FUNDING AND ACCOUNTS

TPWD generates significant revenues from the sale of Parks and Wildlife products and services, such as hunting and fishing licenses and state park entrance and facility use fees. These revenues help fund a sizable amount of TPWD’s budget, but they are not sufficient to cover all funding needs. As a result, TPWD is funded from a combination of general revenue, general revenue-dedicated, federal and other funds. Figure 4 depicts the major funding sources for the department.

By far the largest portion of funding is attributed to TPWD’s special, or dedicated, funds, which together account for approximately 44.3 percent of the Fiscal Year 2021 budget. Compared to general revenue, which is derived from general state taxes, these dedicated funds primarily consist of revenues generated from the Texas Parks and Wildlife Department’s customers. They are also distinguished from general revenue in that their appropriation and use is restricted to specific purposes as stated in statute.

FY 2021 Total Budget by Funding Source (in millions)

General Revenue – Fund 1	171.9	38.7%
Game, Fish and Water Safety – Fund 9	136.4	30.7%
State Parks – Fund 64	60.5	13.6%
GR Ded. – Other	0.2	0.0%
Federal	70.1	15.8%
Other	5.5	1.2%
Total	444.6	100.0%

Source: 8/27/20 Commission Meeting Materials, FY 2021 Operating and Capital Budget
Does not reflect 5% reductions.

Figure 4

GENERAL REVENUE-DEDICATED

The largest of the agency’s special funds is the Game, Fish and Water Safety Account (Fund 9), which accounts for 30.7 percent of the agency’s budget for Fiscal Year 2021. The main sources of revenue for Fund 9 (shown in Figure 5) include:

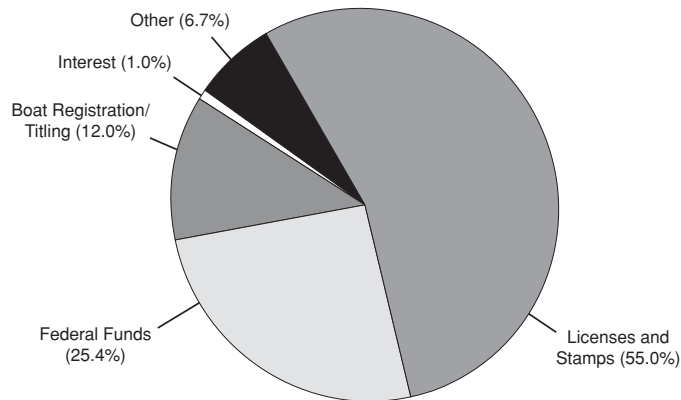
1. all types of fishing and hunting licenses, permits, and stamps;
2. federal funds received for fish and wildlife research and activities, including federal apportionments under the Sport Fish and Wildlife Restoration Acts;
3. boat user, manufacturer, and dealer registration and titling fees, as well as boat and boat motor sales and use tax;
4. other activities and sources, such as the sale/lease of grazing rights on public lands, the sale of sand, shell and gravel, fines and penalties collected for violations of laws pertaining to the protection of fish, game and wildlife, and interest earnings.

As a statutorily dedicated account, Fund 9 may be used only for purposes related to the protection, regulation and conservation of the state’s fish and wildlife, sand, shell, and gravel, and the enforcement of water safety laws. Therefore, this fund pays for the operational activities and capital projects of the Inland Fisheries, Coastal Fisheries, Wildlife, and Law Enforcement divisions as well as some support services of the administrative and support divisions.

The State Parks Account (Fund 64) is the second-largest dedicated funding source for the department and accounts for about 13.6 percent of the Fiscal Year 2021 operating budget. The sources and uses of this account are associated with the operation of state parks, historic sites and natural areas (see Figure 6), and consist primarily of:

1. entrance and use fees for state parks;
2. a portion of the state sales tax on sporting goods;
3. other revenues, such as gifts, grants and donations, oil and gas royalties and leases, and federal funds.

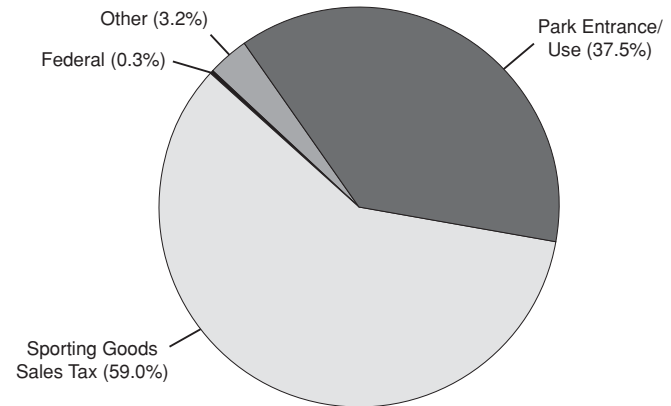
**Game, Fish and Water Safety Account (Fund 9)
2021 Estimated Revenue – \$201.9 million**



Source: Comptroller’s Biennial Revenue Estimate (Jan. 2019). This reflects pre-pandemic estimates.

Figure 5

**State Parks Account (Fund 64)
2021 Estimated Revenue – \$148.7 million**



Source: Comptroller’s Biennial Revenue Estimate (Jan. 2019), adjusted to include Sporting Goods Sales Tax allocation. This reflects pre-pandemic estimates.
Note: The SGST total above does not include debt service payments to TPFA.

Figure 6

In addition to the accounts mentioned above, several smaller dedicated accounts also fund TPWD operations. A more comprehensive listing of agency accounts/funds, including statutory authorization and revenue streams, can be found in Appendix A.

GENERAL REVENUE

The General Revenue Fund (Fund 1) is another important source of funding for TPWD. The largest portion of general revenue funding appropriated to TPWD consists of allocations of sporting goods sales tax (SGST), which is used to fund state and local park-related needs.

The 86th Legislature passed several significant pieces of legislation impacting SGST. House Bill 1422, which transferred six historic sites from TPWD to the Texas Historical Commission (THC), also amended Tax Code to change the SGST allocation to designate 93 percent for TPWD and 7 percent for THC. Prior to passage of this bill, 94 percent was designated for TPWD and 6 percent was for THC.

Senate Joint Resolution 24, which was approved by voters on November 5, 2019, allows for automatic appropriation of SGST to TPWD and THC effective September 1, 2021 (Fiscal Year 2022). Senate Bill 26, which is the enabling legislation for SJR24, established mechanisms allowing for the receipt and allocation of the automatic SGST appropriations, outlining where, how and for what purposes the automatic appropriations can be directed, and providing that the Legislature, via the GAA, will specify the TPWD accounts and statutorily authorized purposes to which the SGST appropriations will be allocated. Additional information on SGST can be found in Appendix B.

For the 2020-2021 biennium, TPWD was allocated a total of \$318.9 million in SGST. This reflects the full amount allowable under Tax Code, equating to 93 percent of the total \$342.1 estimated by the Comptroller, for the biennium.

The next largest portion of general revenue appropriated to TPWD consists of unclaimed refunds of motorboat fuel taxes. By statute, 75 percent of the revenue from unclaimed refunds of motorboat fuel taxes may be appropriated only to the Texas Parks and Wildlife Department (V.T.C.A. Tax Code, 162.502). TPWD's Fiscal Year 2021 appropriation reflects \$20.5 million from this source for aquatic vegetation management and law enforcement purposes.

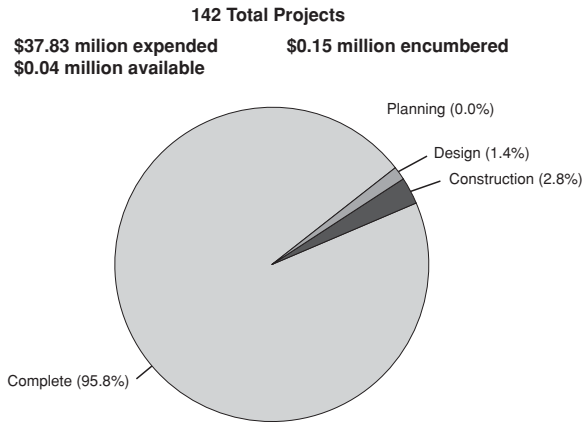
Finally, TPWD has also historically received "pure" general revenue appropriations to cover agency costs such as debt service on revenue bonds, and law enforcement related operations.

BOND AUTHORITY

Bonds also comprise a portion of agency finances, and have helped enhance TPWD's ability to undertake construction and repair projects at parks, wildlife management areas, fish hatcheries, and other facilities.

For the 2010-11 biennium, the 81st Legislature authorized issuance of \$38 million of Proposition 4 general obligation bonds for critical repairs and improvements at state parks, wildlife management areas and other facilities statewide. A total of \$10 million of this amount was dedicated to addressing weather related damages at Mother Neff State Park, Palo Duro Canyon State Park, and Government Canyon State Natural Area. TPWD received this issuance in April 2010, and as of September 2020 had expended or encumbered \$37.9 million on a total of 142 projects statewide (see Figure 7).

**General Obligation Bond Project Status
(Prop. 4, 2nd Issue – April 2010) as of September 30, 2020
(\$38.0 million)**



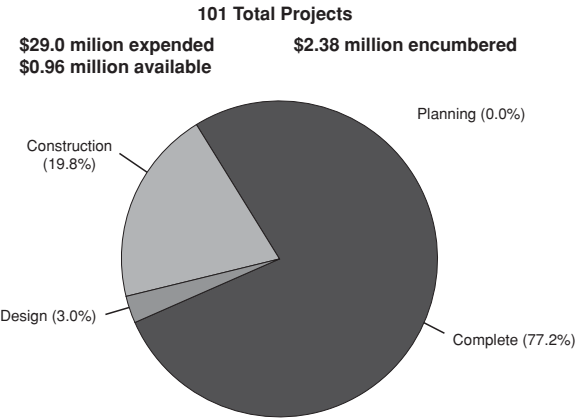
Source: TPWD–Infrastructure Division

Figure 7

In 2011, the 82nd Legislature authorized the third issuance of Proposition 4 general obligation bond authority, totaling \$32.35 million, for repair and replacement of TPWD facilities statewide. TPWD received this issuance in April 2012, and as of September 2020 had expended or encumbered \$31.4 million on a total of 101 projects (see Figure 8).

Finally, for the 2014-15 biennium, the 83rd Legislature authorized issuance of \$11 million of Proposition 4 general obligation bonds for deferred maintenance. A total of 37 projects have been funded from this source, and as of September 2020, TPWD had expended or encumbered a total of \$7.7 million of this issuance (see Figure 9).

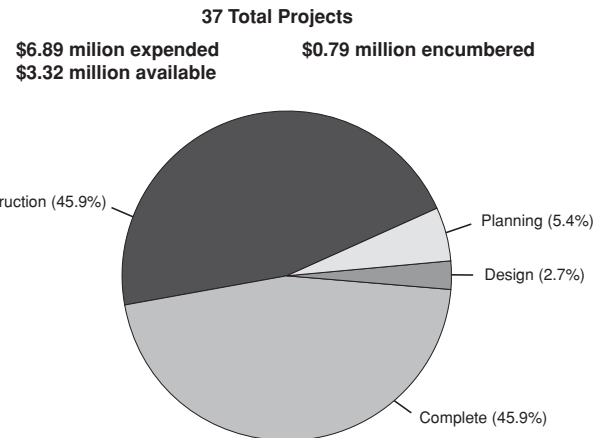
**General Obligation Bond Project Status
(Prop. 4, 3rd Issue – April 2012) as of September 30, 2020
(\$32.35 million)**



Source: TPWD–Infrastructure Division

Figure 8

**General Obligation Bond Project Status
(Prop. 4, 4th Issue – March 2014) as of September 30, 2020
(\$11.0 million)**



Source: TPWD–Infrastructure Division

Figure 9

FEDERAL SOURCES

In Fiscal Year 2021, approximately \$70.1 million of department funding is estimated to come from the federal government in the form of apportionments, grants and contracts. Almost all federal programs from which the department receives funding require the state to match contributions by a set percentage. In addition, each program has specific requirements to maintain the state's eligibility for participation. Some federal sources are project specific, while others are more flexible in terms of how the funds may be used.

Two of the largest federal funding sources are apportionments allocated by the U.S. Fish and Wildlife Service to states by formula under the Wildlife Restoration Act (a.k.a. Pittman-Robertson programs) and the Sport Fish Restoration Act (a.k.a. Dingell-Johnson/Wallop-Breaux programs). Of the department's total estimated federal funds budget of \$70.1 million, \$32.3 million consisted of Wildlife Restoration funds, and \$ 20.6 million was Sport Fish Restoration funds, for a total of \$52.9 million from these two sources combined.

Other significant federal funding sources anticipated in Fiscal Year 2021 include Outdoor Recreation – Acquisition, Development and Planning, National Recreational Trails, Recreational Boating Safety, State Wildlife, and Cooperative Endangered Species grants. Under the state's accounting mechanisms, the department's federal funds flow into state funds. For example, both Wildlife Restoration and Sport Fish Restoration funds are deposited to Fund 9.

OTHER

Foundation Support. The department receives additional support from the Texas Parks and Wildlife Foundation. The Foundation was incorporated in 1991 as a nonprofit entity for the purpose of assisting TPWD in carrying out its mission.

Friends Organizations. Numerous friends groups support the operations of specific TPWD sites, such as parks and hatcheries. These groups raise funds through private donations, gifts, concession operations and other sources and expend the receipts on behalf of the specific sites.

The Budget Process

LEGISLATIVE APPROPRIATIONS

In Texas, the Legislature meets and develops the state budget, or General Appropriations Act (GAA), every two years. The GAA establishes specific funding and performance levels for each state agency for the upcoming biennium, specifies the amounts that may be spent from each source of funding and sets agency staffing levels.

Agency-specific riders set further restrictions or more clearly specify the purposes for which appropriated funds may be used. In some cases, agency riders authorize appropriation of additional funds to the agency. As a result, riders can either increase or limit budgeting flexibility for TPWD. Examples of current riders that increase flexibility include Rider 5, Fund Transfer Authority (which helps alleviate cash flow problems) and Rider 24, Unexpended Balances Authority Within the Biennium (which allows the department to carry forward unexpended appropriations from one year to the other within a biennium). Rider 2, Capital Budget, which specifically delineates the capital budget amounts and items on which appropriations may be spent, is an example of a rider that directs and limits expenditures.

In addition to agency-specific information, the GAA includes general provisions within Article IX that are applicable to all state agencies. These general provisions include items related to salary administration, various limitations on expenditures (including travel and salary caps) and additional appropriation authority.

In general, agency spending is limited to the agency-specific amounts set forth in the GAA, plus any additional authority granted through agency rider and the general provisions of Article IX. In Fiscal Year 2021, the bill pattern appropriation authority for TPWD totaled \$370.5 million (see Figure 10).

FY 2021 Appropriation Authority (in millions)

General Revenue – Fund 1	150.0
Game, Fish and Water Safety Account – Fund 9	106.1
State Parks Account – Fund 64	44.3
Federal	64.5
Other (Appropriated Receipts, Other GR-D Accts, etc.)	5.6
Total	370.5

Does not include authority associated with fringe benefits.

Source: 86th Legislature, General Appropriations Act (2020-21 GAA)

Figure 10

TPWD BUDGET

Within the framework of appropriations authority granted by the Legislature, the department develops its annual, agency-wide budget. The budget is based on agency needs and priorities balanced against available and anticipated revenues and appropriation authority.

Budget development generally begins during the spring and culminates in the adoption of the TPWD budget by the Commission in August of each year. Amounts budgeted by TPWD for any given year will generally exceed the original appropriation authority as shown in the GAA. This is primarily due to the fact that the budget will reflect increases in funding authorized in riders and general provisions. In addition, the agency budget includes amounts associated with employee benefits, which are not reflected in TPWD appropriations.

For Fiscal Year 2021, the starting point for development of TPWD’s internal budget was the GAA. As compared to original appropriation authority, the only additional amounts reflected in the final approved Fiscal Year 2021 budget were those associated with employee benefits/benefit replacement pay. Note that the mandated five percent budget reductions, while impacting Fiscal Year 2021 amounts, were developed outside of the internal budget process and therefore are not reflected in the commission-approved totals shown in this document.

Financial Issues

Due to TPWD’s unique and varied funding streams and funding structure, the department faces a number of issues not often encountered by general revenue funded state agencies.

APPROPRIATION AUTHORITY VS. CASH AVAILABLE

For agencies such as TPWD that generate revenue through user fees and rely on dedicated accounts for funding, it is possible for the amount of appropriation authority granted by the Legislature to be different than the actual amount of cash generated and available for use. This is the result of a number of factors, including the fact that appropriation authority for agency funds such as Fund 9 or 64 is based on estimates of the amount of available balances and revenue to be generated two to three years in the future.

This feature of the budgeting process can have implications for agency cash and appropriations. For example, if appropriation authority exceeds actual cash available (including beginning balances and revenues), TPWD would be limited to expending the cash amounts available and would lapse appropriation authority – there would simply not be enough cash to cover appropriations. If the reason for such a lapse is not clearly understood, it could be perceived as an ineffective use of state funds.

On the other hand, absent specific rider or other appropriation authority, if actual cash exceeds the amounts appropriated in dedicated funds, TPWD's ability to utilize the excess funds to respond to increased demand would be restricted, since agency spending is limited to amounts appropriated. In these cases, excess revenue and balances would remain in the dedicated fund, helping to build balances which could be requested for appropriation in subsequent biennia.

FUND BALANCES VS. FUND AVAILABILITY

Another feature of general revenue-dedicated accounts is that fund balances do not always reflect actual fund availability. For example, Fund 9 includes revenues generated from the sale of various stamps, which by statute are restricted only for use on research, management and protection of certain species or their habitats. As a result, there is a distinction between the total balances/revenue within general revenue-dedicated funds and the actual amounts available for appropriation or expenditure on general agency operations.

Fund balances are also affected by allocations that are required, but not specifically or directly appropriated to the agency by the Legislature. Some of the more significant examples include employee benefit costs, which must be paid out of the funds from which salaries are paid and be proportional to each agency's method of finance, and required cash transfers to various state agencies, such as those made to the Employee Retirement System to cover insurance costs for current retirees and to the Texas Public Finance Authority for debt service. Sufficient general revenue-dedicated fund balances must be reserved for payment of these types of costs and associated amounts are not available for other uses.

FEDERAL DIVERSION CONSIDERATIONS

In addition to state statutory restrictions, Fund 9 and Fund 544 (Lifetime License Endowment Fund) are also subject to specific federal restrictions regarding uses of revenues. A large portion of

TPWD's federal funding is derived from the Sport Fish and Wildlife Restoration acts. As noted previously, roughly \$52.9 million of TPWD's Fiscal Year 2021 budget is derived from these two sources. As a condition of receiving these federal funds, each state must adopt legislation prohibiting the diversion of hunting and fishing license fees and related revenues for purposes other than administration of that state's fish and wildlife agency. If diversion occurs, the state would become ineligible to receive federal aid under these programs. As a result, TPWD is very careful to use these funds appropriately and mindful that any proposals to change uses of hunting and fishing license fees and related revenues must take into account these restrictions and possible impacts to federal revenue.

Fiscal Year 2022-2023 Funding and Rider Requests

TPWD's 2022-23 Legislative Appropriations Request (LAR) submission was a deliberate effort to direct state resources to maximize natural resource and recreational outcomes for Texans while also taking into consideration the current fiscal environment and COVID-19 climate. As such, the request reflects the following key components:

- **All Priorities Are Addressed in the Base:** Through strategic re-purposing of existing base-level authority and various Method of Finance (MOF) swaps, TPWD has addressed its core priorities for the Fiscal Year 2022-23 biennium within its base submission. The LAR does not include any requests for funding over and above the Fiscal Year 2022-23 base (i.e., no exceptional items).
- **Sporting Goods Sales Tax (SGST):** Every dollar of SGST allowable within TPWD's approved General Revenue (GR)/General Revenue-Dedicated (GR-D) limits is directed to State Park operations, Local Park grants, State Park-related capital construction and related benefits/transfers.

- **Base Request Meets Mandates and Obligations:** TPWD’s base request allows the agency to address important mandates and obligations to utilize funds for specific purposes, such as fully utilizing Managed Lands Deer Program permit revenue, and fully utilizing oyster shell recovery and replacement fees and cultivated oyster mariculture fees in the respective programs, consistent with legislative intent and fee-payer expectations. In addition, TPWD’s base includes authority to utilize Bastrop Fire Settlement receipts for Bastrop State Park recovery efforts consistent with the terms of the *Texas Parks and Wildlife Department v. Asplundh Tree Expert Company* settlement agreement.

In all, the Texas Parks and Wildlife Department’s LAR for 2022-2023 includes a biennial base funding request of \$778.2 million and 3,117.8 full-time equivalent (FTE) employee positions in each year. As noted above, this request does not include any exceptional items.

TPWD’s 2022-2023 Legislative Appropriations Request

Funding Request (in millions):	FY2022	FY2023	Biennial
Total Base	426.7	351.5	778.2
Total Exceptional	-	-	-
Grand Total	\$426.7	\$351.5	\$778.2
Method of Finance			
General Revenue	177.8	152.2	330.0
General Revenue-Dedicated	170.9	129.9	300.9
Federal Funds	70.1	64.5	134.6
Other Funds	7.9	4.8	12.7
Grand Total, Method of Finance	\$426.7	\$351.5	\$778.2

Figure 11

Priorities outlined in the LAR continue core services to Texans while also addressing long-standing funding issues that will allow TPWD to better achieve its mission and goals. By re-purposing existing authority and through various MOF swaps, TPWD was able to direct additional resources to the following priority areas/items in its base request:

LAW ENFORCEMENT OPERATIONS, EQUIPMENT AND AIRCRAFT

In addition to restoring Law Enforcement (LE) funding to original 2020-21 levels (\$3.1 million), TPWD’s base directs additional resources to LE, as outlined below:

LE Field Based Initiatives (\$1.25 million) – This would provide \$800,000 in equipment such as body-worn cameras, firearms, electronic control devices, OC spray, duty gear and personal protective equipment to address growing public demand for more accountability/ transparency and to ensure game wardens can safely perform required duties. This also directs \$450,000 to address game warden operating cost increases. Inflation is a big factor in most operations of the LE Division, and has affected the yearly maintenance of vehicles, vessels, and other related items.

LE Helicopter (\$5.8 million) – The LE Division operates 24-7 to respond to all hazard and emergency situations. Currently, the agency has one functional helicopter and one functional fixed-wing, which are accruing hours rapidly and approaching end of life. A helicopter will greatly extend the life expectancy of the agency’s rotor wing platforms and vastly improve response to all hazard life-saving situations.

LE Transportation/Equipment (\$5.1 million) – This includes:

- Game Warden Patrol Vehicles (50) – To maintain the current fleet at a 110,000-mile replacement schedule (\$2.25 million).
- Patrol Vehicle Radios (50) – Mobile/portable radios and communications technology is evolving rapidly, requiring the refresh of game warden vehicle-based communication capability (\$500,000).

- In Car Automation Setup for Patrol Vehicles (50) – There is a growing need for officer safety, situational awareness, improved response times, and receiving and distributing information in a more effective and efficient manner (\$125,000).
- Boats for Law Enforcement, Search and Rescue, and Resource Protection (22) – This funding will allow LE to purchase vessels to start a replacement schedule for an aging fleet. Vessels are crucial to performing the water safety enforcement strategy (\$2.2 million).

ADDRESS STATE PARKS NEEDS

The base submission restores State Park (SP) funding to original 2020-21 funding levels (\$2.8 million), and devotes additional amounts to the following areas:

SP Field Salary, Operational and Equipment Needs (\$5.7 million) –

This includes:

- Salary for Critical Personnel (\$2.4 million) – Salary funds are needed to fill the remaining FTEs granted to the SP Division during the 2020-2021 session to address critical operational and administrative needs and ensure public health/ safety. This will fund salaries for 26 FTEs in each year, including 5 SP police officers.
- Vehicles/ Equipment (\$2.2 million) – Texas State Parks operates a diverse fleet of vehicles and equipment, such as mowers, utility vehicles, tractors, and trailers, most of which are operating well beyond their useful life and require significant maintenance costs. This increase will help the SP Division get closer to state policy replacement cycles.
- Park Development (\$731,000: Palo Pinto – \$501,000 and Powderhorn – \$230,000) – The development of Palo Pinto Mountains SP has started and the park is currently slated to open in 2023. This requires investments in staffing, equipment and operations to ensure protection of and begin implementation of management activities on the site. Likewise, the upcoming addition of the Powderhorn Ranch property to the division’s inventory requires additional resources to continue resource management work currently being conducted by the Parks and Wildlife Foundation.

- Franklin Mountains SP Water (\$316,000) – Franklin Mountains SP does not currently have direct access to potable water which is critical for staff and visitor safety. This funding would allow TPWD to haul water into the park.

Minor Repair (\$1 million) – The current SP minor repair budget is below funding levels needed to maintain park assets and ensure facilities are safe and accessible to the public. Minor Repair funding is currently utilized to address critical system failures, causing purchases and project solutions to be developed under shortened time frames. Additional funding will allow the minor repair program to provide the best value to the state through a proactive, predicted end of life “repair by replacement” strategy that will allow for larger purchases and economies of scale, prevent failures and last minute repairs that have exorbitant cost, prevent facility shut downs and lost revenue, and allow redirection of staff time that is currently occupied with emergencies/ failures. Additionally, minor repair will be critical in supporting ADA improvement projects throughout the park system.

Bastrop SP Fire Recovery (\$4.4 million) – On September 4, 2011, downed powerlines ignited the Bastrop County Complex Fire (BCCF), which burned 97 percent of the total acreage of Bastrop SP. The BCCF burned most of Bastrop SP’s forested land, including 93 percent of its high-quality habitat for the critically endangered Houston toad, and damaged or destroyed buildings, utilities, vehicles, equipment, fencing, bridges, and campsites. The wildfire also caused extensive soil erosion and hydrologic changes, which resulted in the loss of roads, trails, and lake/pond dams. Progress to restore Bastrop SP’s natural, cultural, and recreational resources since the BCCF continues, but many unfunded needs remain. Litigation settlement funding resulting from *Texas Parks and Wildlife Department v. Asplundh Tree Expert Company* provides funding to continue restoration efforts and mitigate ongoing negative impacts from damages caused by the BCCF. This amount represents a portion of the settlement proceeds planned for use in 2022-23.

CAPITAL CONSTRUCTION/REPAIRS AT FACILITIES STATEWIDE

TPWD's request for GR and GR-D capital construction totals \$84.0 million over the 2022-23 biennium. This provides \$67.9 million for state park related projects, including \$17.9 million for carry forward of unexpended SGST balances tied to existing state park related projects. Additionally, \$16.0 million is provided for Fund 9 related projects.

Funding at this level ensures staff capacity to effectively manage the overall capital construction portfolio, while also allowing TPWD to address the highest priority deferred maintenance backlog needs, capital construction projects, weather/disaster event damages, and repair needs at state parks, hatcheries and other field locations across the state. Requested amounts also devote an additional \$8.0 million above 2020-21 levels (for a total of \$16.0 million) to address Fund 9 construction/repair needs of Coastal Fisheries, Inland Fisheries, Law Enforcement, and Wildlife divisions. These Fund 9 divisions require well-maintained facilities to carry out TPWD's mission and goals of making reliable science-based conservation and management decisions, providing hunting and fishing opportunities, and other conservation and safety enforcement priorities.

PROTECT TPWD DATA/INFORMATION TECHNOLOGY SYSTEMS

The base restores Information Technology (IT) funding to 2020-21 levels (\$145,000), provides amounts to ensure a 5-year PC refresh cycle (\$170,000) and also directs \$1.5 million in additional funding to agency cybersecurity efforts. This will provide funds to establish a 5-year refresh schedule for network infrastructure equipment such as routers, switches and wireless equipment, allowing elevated cybersecurity remote administration to respond quickly to security threats and reduce services downtime. It will also fund contract services to implement ongoing security tools and additional features of the existing Microsoft 365 suite. These tools continue to protect private and confidential information of agency customers and staff, help minimize exposure to cyberattacks and maintain TPWD's security maturity level.

ONGOING CAPPS COSTS

In September 2020, TPWD transitioned to Centralized Accounting and Payroll/Personnel System (CAPPS) Financials, and is the first agency to use the project costing module and link CAPPS HR with CAPPS Financials. Retaining key CAPPS personnel is vital to ensuring this new process is successful, addressing impacts of the new system on Purchasing and Accounts Payable functions, and providing IT support/maintenance for CAPPS file transfer/data extracts, data structure, and other CAPPS-related IT needs. TPWD's base proposes continuation of existing funding and FTEs for CAPPS Financials (totaling \$2.4 million) to ensure the ongoing success of this major initiative post-implementation.

ENHANCE AND CONSERVE FISH AND WILDLIFE RESOURCES

This submission restores funding for wildlife and fisheries programs to original 2020-21 appropriation levels (\$3.0 million), and addresses the following key areas to improve access to and conservation of fish and wildlife resources:

Additional Authority for Managed Lands Deer Program (MLDP) and Oyster Related Programs:

TPWD's base directs \$1.4 million in authority to address program implementation and growth in the Managed Lands Deer Program (MLDP), the Oyster Cultch Replacement Program, and the Cultivated Oyster Mariculture Program. In tandem with requested rider language, this authority will allow these programs to fully access unexpended balances and any revenues collected during the 2022-23 biennium to provide services/programs as outlined in enabling statutes.

MLDP: The Wildlife Division anticipates launching online fee collection for MLDP participation in April 2021, as authorized by SB 733 (86 R.S.). The revenue from these new fees will be used to hire new field biologists to fulfill technical guidance duties offered by this program. Landowner interest and demand for the MLDP have increased since 2000, leading to an over 700 percent increase

in the number of acres covered by the program. The number of biologists providing these services has remained constant since 2000. Additionally, landowner interest in technical assistance and wildlife management plans, and demand related to Chronic Wasting Disease detection/containment, has increased significantly. Additional MLDP staff will enhance technical guidance services by allowing biologists to spend more time with program participants and minimize declines in service that have occurred over the years due to a steady increase in program participation with no corresponding increase in staff capacity.

Oyster Cultch Replacement: Oyster habitats provide essential ecosystem services within the estuary by providing habitat for finfish and invertebrates, stabilizing sediments, and improving water quality. They are also critical to Texas's coastal economy and support a commercial oyster fishery currently valued at over \$20 million. The Cultch Replacement Program allows these habitats to be restored by replacing cultch material on reefs. Industry supports this program through a tag and can provide payment in lieu of actual cultch placement. TPWD needs full access to these funds for cost-efficiency when contracting for cultch replacement and to ensure they are used as intended.

Cultivated Oyster Mariculture: This new program, authorized by HB1300 (86 R.S.), allows for the commercial production of oysters in Texas coastal waters. Rules establishing various program requirements, as well as applicable permit fees, were adopted in May 2020. Fees were structured to cover cost of FDA required annual facility inspections, as well as any clean-up costs. TPWD is seeking access to use the fees for those purposes.

Coastal Fisheries Research Vessel: TPWD is responsible for monitoring and managing marine resources of the state which includes over 6,300 square miles of marine waters. Currently, the Coastal Fisheries Division maintains eight research vessels that are key to collection of fisheries data and agency monitoring efforts. The

life expectancy of research vessels is 25 years with a major renovation after 15 years of service. As the oldest research vessel, constructed in 1984, is reaching the end of its effective use, TPWD's base submission directs \$600,000 for a new 36- to 40-foot, single engine, fiberglass research vessel.

Inland Fisheries Habitat Enhancement: As the result of statutory changes enacted by the 85th and 86th Legislatures, eligible uses of Freshwater Fish Stamp funds now include delivery of bank and shoreline-based angler access improvements and the restoration and enhancement of freshwater fish habitats. Royalties from sand and gravel mining can now be used to support restoration of rivers and streams. These additional eligible uses reflect critical freshwater fisheries resource management needs in the state. TPWD's base directs \$500,000 of this funding to support 15 to 20 individual projects that restore fish habitat and expand angler access in creeks, rivers, reservoirs, and community fishing lakes throughout the state. These projects would be completed in collaboration with local communities, river and lake authorities, angling organizations and other local partners.

PROVIDE RECREATIONAL GRANTS ASSISTANCE TO LOCAL COMMUNITIES

Local parks provide invaluable outdoor recreational and educational opportunities and offer positive economic impacts to communities around the state. TPWD's base submission prioritizes this program by restoring authority to original 2020-21 appropriated levels (\$12.1 million), directing additional amounts for program salaries to better meet current workload/existing demand for grants (\$300,000), and increasing competitive pass-through grants (\$6.6 million).

ADDRESS PRIORITY OPERATIONAL NEEDS

The base directs \$6.0 million to address strategic management initiatives such as the agency's R3 Plan to recruit, retain and reactivate hunters, anglers and boaters; insurance coverage; tort claims; ADA software; and other areas of strategic importance, such as restoring funding of support functions to 2020-2021 levels.

Maintaining base funding as outlined above is critical for TPWD to meet ongoing and future operational demands. If funding is modified or reduced, these priorities may be pursued as exceptional items.

RIDERS

TPWD's more significant rider requests include:

Appropriation – Managed Lands Deer Program (MLDP) Participation Fees

TPWD is requesting that Article IX Sec. 18.72, appropriating MLDP fees, be moved to TPWD's riders and language be amended to "estimated" to allow appropriation of all MLDP fee revenue (estimated at \$1.6 million per year), to allow carry forward of unexpended balances within/across biennia, and to specify that amounts may be spent for FTEs and capital budget items. These changes will allow TPWD to use all program fees on MLDP as contemplated by the enabling legislation and stakeholders, and more meaningfully engage with MLDP participants and meet technical guidance requests.

Capital Construction Unexpended Balances (UB) Authority for GR and GR-D Sources

Lack of, or uncertainty regarding UB authority, is a major impediment to efficient use of capital funding and very problematic for a capital repair program that includes an enormous backlog of deferred maintenance, shifting priorities due to antiquated and failing infrastructure, and dispersed assets that are critically impacted by natural disasters. TPWD is requesting modifications to Rider 4 (UB for Construction Projects) to clearly and explicitly allow carry-forward of unexpended GR and GR-D amounts, if any, from one biennium to the next.

Informational Listing – Sporting Goods Sales Tax

Due to passage of Proposition 5, several modifications are requested to the SGST Informational rider (Rider 15). These include changes to reflect TPWD's initial requested allocation of SGST for programs, estimated amounts required for employee benefits, cash transfers to Employees Retirement System for retiree insurance and to Texas Public Finance Authority for debt service, and other items designed to anticipate/accommodate process changes resulting from automatic appropriations.

UB Authority for Oyster Shell Recovery/Cultch Replacement Receipts

TPWD is requesting modifications to Rider 27 to allow unexpended balances in the Oyster Shell Recovery & Replacement Account to be carried forward into the 2022-23 biennium for use on the recovery and enhancement of public oyster reefs. This would allow TPWD to better optimize programmatic decisions regarding cultch placement, as these efforts often require accumulation of sufficient balances prior to initiation of activities.

UB/Appropriation of Cultivated Oyster Mariculture Fees

TPWD is requesting that current Article IX, Sec. 18.06 provisions appropriating Cultivated Oyster Mariculture (COM) fees be moved to TPWD's riders and modified to allow carry forward of estimated unexpended balances across biennia. This will ensure the department is able to access COM fees to conduct required inspections and other activities.

Payments to State Parks Business System Vendor

The contract for the State Parks Business System is structured on a percent of revenue basis, such that contract costs can and will fluctuate depending on park revenues in any given year. TPWD is requesting a new rider to allow flexibility to address contract cost increases that are driven by increases in park revenues, ensuring TPWD can pay the vendor without adversely impacting the budget for other areas.

A P P E N D I X A

TPWD Funds

GENERAL REVENUE

Account 001

ALLOWABLE USES: Supplemental funding for any departmental program. Historically used to subsidize park operations and support administrative divisions, but recently used for aquatic vegetation management, border security and other law enforcement related operations.

SOURCE(S): Undedicated and unspecified state general revenue, unclaimed refunds of motor boat fuel taxes, other specific general revenue streams.

AUTHORITY: General Appropriations Act; Tax Code Chapter 160, 162.502.

GAME, FISH AND WATER SAFETY

Account 009

ALLOWABLE USES: Fisheries and wildlife management activities, including conservation, resource protection, research, habitat management and acquisition, private lands initiatives, fish hatcheries, and enforcement of game and fish laws. Also finances administrative costs of boat registration, boat and motor titling, construction and maintenance of boat ramps, issuing licenses, enforcement of the Texas Water Safety Act and related support. Proceeds credited to the account from the sale of certain stamps (such as migratory and upland game bird, freshwater and saltwater sportfishing) may only be spent for specific purposes as set forth in statute. Fund is subject to specific federal requirements regarding use of recreational hunting and fishing license revenues and related revenues.

SOURCE(S): Hunting and fishing licenses and stamps, federal funds, boat user, manufacturer and dealer registration and titling fees, fines and penalties, revenue from other activities.

AUTHORITY: Includes PW Code 11.033, 43.405, 43.655, 43.657, 43.805; Tax Code 160.121

STATE PARKS
Account 064

ALLOWABLE USES: Acquisition, planning, development, administration, operation, maintenance and improvements of state parks and historic sites and related support functions.

SOURCE(S): Park entrance and use fees, sporting goods sales tax revenues, revenue derived from park concessions, donations, publications, fines and penalties, a portion of vessel registration and titling fees, and any other source provided by law.

AUTHORITY: Includes PW Code 11.035 and 13.004; Tax Code 151.801; Texas Constitution, Article VIII, Sec. 7-d

TEXAS RECREATION AND PARKS
Account 467

ALLOWABLE USES: Matching grants to counties/municipalities with populations of less than 500,000 and to any other political subdivision. Grants may be provided for planning, acquisition, or development of local parks and grants for recreation, conservation, or education programs for underserved populations. Once revenues to the account exceed \$14 million per year, at least 15 percent must be used to fund indoor recreational facility grants.

SOURCE(S): Sporting goods sales tax revenues, other sources as authorized.

AUTHORITY: PW Code Chapter 24; Tax Code 151.801; Texas Constitution, Article VIII, Sec. 7-d

**LARGE COUNTY AND MUNICIPALITY
RECREATION AND PARKS ACCOUNT**

Account 5150

ALLOWABLE USES: Matching grants to counties/municipalities with populations of 500,000 or more, and to non-profit corporations for use in large counties/municipalities. Grants may be provided for planning, acquisition, or development of local parks and grants for recreation, conservation, or education programs for underserved populations. Once revenues to the account exceed \$14 million per year, at least 15 percent must be used to fund indoor recreational facility grants.

SOURCE(S): Sporting goods sales tax revenues, other sources as authorized.

AUTHORITY: PW Code Chapter 24; Tax Code 151.801; Texas Constitution, Article VIII, Sec. 7-d

NON-GAME SPECIES AND ENDANGERED SPECIES CONSERVATION

Account 506

ALLOWABLE USES: Any department activity or program relating to non-game and endangered species, including management, research, conservation, restoration, dissemination of information, acquisition and development of habitat.

SOURCE(S): Private contributions, grants and donations, proceeds from sale of wildlife prints and stamps, endangered species propagation permits, entrance fees, other income.

AUTHORITY: PW Code 11.052, 68.018

LIFETIME LICENSE ENDOWMENT

Account 544

ALLOWABLE USES:	Corpus and interest earned may be used for capital expenditures related to fisheries and wildlife resources, including land acquisition, construction, and purchase of transportation items, equipment and IT resources. Interest may further be used to develop, acquire, manage and repair public hunting and fishing areas. The fund may not be used to pay salary or benefit costs, and an unencumbered balance of \$20 million must be maintained in the corpus of the fund. Fund is subject to specific federal requirements regarding use of recreational hunting and fishing license and related revenues.
SOURCE(S):	Revenues from lifetime hunting, fishing, or combination licenses, gifts, grants and donations, interest income, other.
AUTHORITY:	PW Code 11.061

ARTIFICIAL REEF

Account 679

ALLOWABLE USES:	Promotion, development, maintenance, and enhancement of the state's artificial reef program.
SOURCE(S):	Gifts and donations from private and public sources; interest.
AUTHORITY:	PW Code 89.041

PARKS AND WILDLIFE CONSERVATION AND CAPITAL

Account 5004

- ALLOWABLE USES:** For expenditure only on acquisition, development, maintenance or operation of parks, fisheries or wildlife projects that have been individually approved by the Commission.
- SOURCE(S):** Receives sporting goods sales tax revenues, revenue bond proceeds and other funds. Note: House Bill 7 (83rd Legislature) provided that effective September 1, 2013, all revenue from the sale of specialty plates shall be paid to the credit of a new trust fund created by the Comptroller outside the general revenue fund (License Plate Trust Fund Account 0802). As such, language in Section 504.618 of the Transportation Code which specifies that conservation plate revenues shall be deposited to the Parks and Wildlife Conservation and Capital Account is obsolete.
- AUTHORITY:** PW Code 11.043; Transportation Code 504.618; Texas Constitution, Article VIII, Sec. 7-d

LICENSE PLATE TRUST FUND

Account 0802

- ALLOWABLE USES:** To be used in accordance with the statutory purpose of each individual specialty license plate as specified in the Transportation Code or other source.
- Note: This is not a TPWD specific fund. The appropriated fund includes subaccounts for all specialty license plates, both TPWD and non-TPWD related. TPWD related subaccounts include TPWD Conservation Plates (3043-Horned Toad, 3044-Bluebonnet, 3045-Whitetail Deer, 3046-Camping, 3047-Largemouth Bass, 3048-Hummingbird, 3049-Rattlesnake , 3050-Texas Rivers, 3051-Bighorn Sheep) and pass-through non-profit plates (3030-Big Bend, 3057-Waterfowl/Wetlands, 3116-Texas Lions Camp, 3120-Marine Mammal Recovery, 3142-Marine Conservation, 3151-Save Texas Ocelots, and 3152-Quail).
- SOURCE(S):** Revenues from the sale of specialty license plates, interest.
- AUTHORITY:** Transportation Code 504.6012

DEFERRED MAINTENANCE FUND

Account 5166

ALLOWABLE USES: To fund deferred maintenance projects to bring state facilities into a better state of repair to ensure the safety of employees and visitors, the efficiency of building operations, and a long-term reduction in repair costs.

SOURCE(S): Fund consists of money appropriated, credited, or transferred to the fund by or at the discretion of the Legislature.

Note: This is not a TPWD specific fund. The appropriated fund includes amounts transferred from other funding sources to cover appropriations at multiple state agencies. For the 2016-17 biennium, a total of \$91.0 million was appropriated to TPWD from the Deferred Maintenance Account, consisting of the following sources: General Revenue (\$27.6 million), Sporting Goods Sales Tax - 64 (\$47.9 million), SGST - 5004 (\$6.6 million), and Game, Fish and Water Safety Account (\$8.9 million). No additional appropriations have been made since 2016-17.

AUTHORITY: Government Code 2165.403

GENERAL OBLIGATION BONDS

ALLOWABLE USES: Critical infrastructure repair, maintenance, improvements and other projects.

AUTHORITY: General Appropriations Act; Texas Constitution, Article III, 50 (f) and 50 (g)

REVENUE BONDS

ALLOWABLE USES: Construction of a new freshwater fish hatchery in East Texas, including construction project management and necessary equipment.

AUTHORITY: General Appropriations Act, 79th Legislature, Rider 24

MISCELLANEOUS

Texas Park Development Bonds Interest and Sinking Fund 409:

Consists of interest received from the sale of bonds, income from park entrance or gate fees, investment income, other, to be used for paying principal, interest, exchange and collection charges associated with the issuance and maturity of Texas Park Development Bonds (Texas Constitution, Article III, 49-e; TPW Code 21.105).

State Parks Endowment Trust Account 885:

Earnings from gifts of property and cash dividends used to maintain state parks as specified by each donor (TPW Code 13.004, 13.008; Op.Tex.Att'yGen. No. WW-122, MW-493).

A P P E N D I X B

Sporting Goods Sales Tax

SPORTING GOOD SALES TAX DEFINITION

Sporting Goods Sales Tax (SGST) reflects that portion of the existing 6.25 percent state sales tax attributed to the sale of items that fall within the definition of sporting goods. The Comptroller derives estimates for sporting goods sales tax based on a national survey of the sporting goods market.

Sporting goods are defined in statute (Tax Code, 151.801(e)(2)) as “... an item of tangible property designed and sold for use in a sport or sporting activity, excluding apparel and footwear except that which is suitable for use only in a sport or sporting activity, and excluding board games, electronic games, and similar devices, aircraft and powered vehicles, and replacement parts and accessories for any excluded item.”

Some of the more significant categories of sporting goods in the SGST definition include:

- Bicycles and supplies
- Hunting and firearms equipment
- Exercise equipment
- Fishing tackle
- Golf equipment
- Camping equipment

SIGNIFICANT SGST LEGISLATION

In 1993, HB 706 (73rd R.S.) replaced cigarette tax funding for state parks by establishing SGST as a funding source for TPWD. This bill directed that proceeds from the sale of sporting goods, up to a specified amount of \$27 million were to be divided in half between the State Parks Account-64 and the Texas Recreation and Parks Account-467. In addition, starting in Fiscal Year 1996, proceeds above the \$27 million, up to a statutory cap of \$32 million, were to be split 40 percent to the State Parks Account, 40 percent to the Texas Recreation and Parks Account and 20 percent to the Texas Parks and Wildlife Conservation and Capital Account-5004 (overall equating to \$15.5 million each to Account 64 and 467, and \$1 million to Account 5004).

In 2007, the 80th Legislature passed House Bill 12, which directed 94 percent of total SGST proceeds to TPWD and the remaining 6 percent to the Texas Historical Commission, subject to legislative appropriations. House Bill 12 also required that SGST appropriations to TPWD be credited 74 percent to the State Parks Account, 15 percent to the Texas Recreation and Parks Account, 10 percent to the Large County and Municipality Recreation and Parks Account, and 1 percent to the Texas Capital and Conservation Account.

In 2013, the 83rd Legislature passed House Bill 7, amending Tax Code to allow TPWD to receive SGST funding in amounts sufficient to cover related employee benefit costs.

In 2015, the 84th Legislature enacted new legislation (House Bill 158 and Senate Bill 1366) which dedicated SGST to state and local parks purposes and increased flexibility in how these funds could be allocated between TPWD funds, effectively removing the by-fund percentages previously mandated. There was conflicting language in the two bills regarding amounts to be credited to TPWD; ultimately, the final interpretation was that TPWD was limited to amounts appropriated by the Legislature.

In 2019, the 86th Legislature passed the following:

- Senate Joint Resolution 24: This joint resolution automatically appropriated the full amount of SGST to TPWD and the Texas Historical Commission (THC) effective September 1, 2021 (start of Fiscal Year 2022). Amounts would be allocated as provided by general law. The Legislature, by resolution approved by 2/3 of the members or each house, may reduce appropriations by up to 50 percent. This joint resolution (Proposition 5) was approved by voters on November 5, 2019.
- Senate Bill 26: This bill was the enabling legislation for SJR24, and established mechanisms allowing for the receipt and allocation of the automatic SGST appropriations. The bill outlined where, how and for what purposes the automatic appropriations can be

directed, and provided that the Legislature, via the GAA, will specify how the SGST appropriations will be allocated to specific accounts/purposes.

- HB1422: This bill transferred several historic sites from TPWD to THC and amended Tax Code to change the SGST allocation to designate 93 percent for TPWD and 7 percent for THC (was previously 94 percent TPWD/6 percent THC).

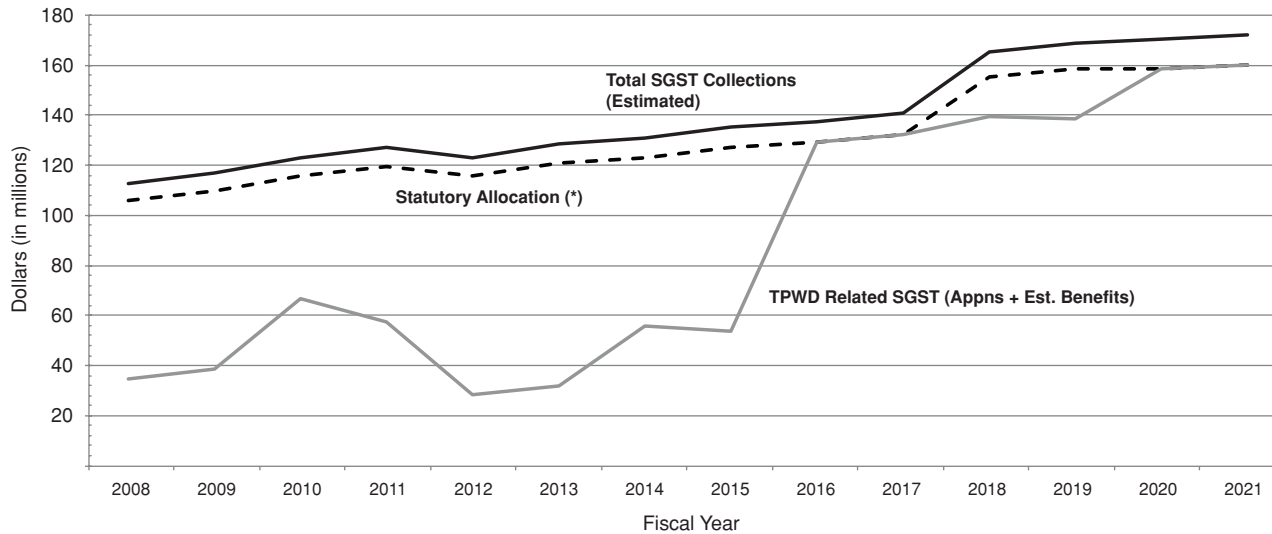
SGST APPROPRIATIONS TO TPWD

The Comptroller’s estimate of total sporting goods sales tax revenues has steadily increased over the years — from \$112.5 million in Fiscal Year 2008 to an estimated \$171.9 million in Fiscal Year 2021.

As shown in the chart below, while TPWD SGST appropriations have also reflected growth over time, until recently amounts have not been consistent or predictable from biennium to biennium, and the total amounts provided to TPWD have, with a few exceptions, been below the percentages set forth in statute. These fluctuations in SGST appropriations created challenges for long-term planning and TPWD’s ability to effectively address changing and growing state and local park needs.

Passage of SJR 24 by the 86th Legislature, and Proposition 5 by voters in November 2019, ensures that a predictable and sustained funding stream will be available for state and local parks related needs into the future.

Sporting Goods Sales Tax Collections Compared to TPWD Related SGST Allocations



Source: Comptroller’s Office and GAAs

* Statutory allocation percent changed from 94% to 93% effective for the 2020-21 biennium and forward.



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