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Financial Overview

Texas Parks and
Wildlife Department

DECEMBER 2022

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 approximately 1.4 million acres of parks and recreation areas, wildlife management areas, natural areas, and historic/cultural areas. In all, the department manages 89 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 10 positions to 1,376 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; and habitat conservation and restoration activities, including the Artificial Reef program. The Coastal Fisheries Division also operates three marine fish hatcheries to produce and stock saltwater fish into public waters.

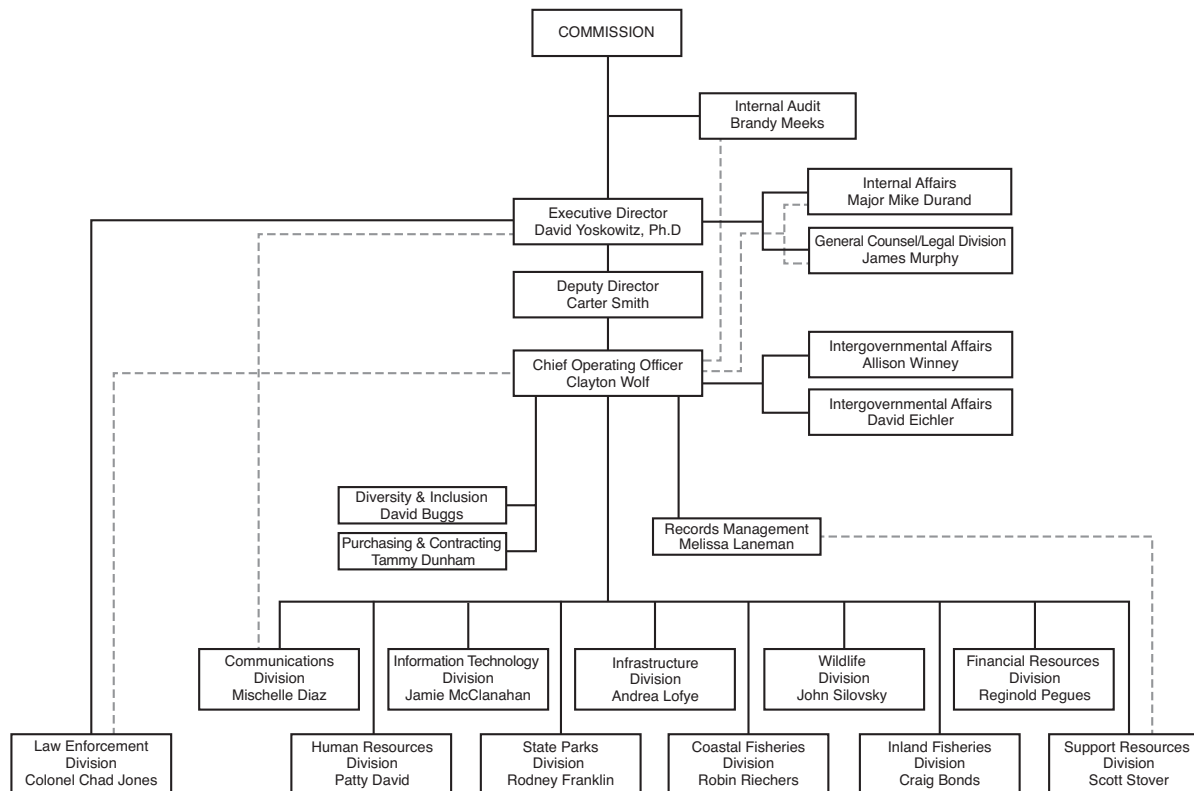


Figure 1

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

The HUMAN RESOURCES DIVISION provides recruitment, payroll, benefits, employee retention, and employee relation services. Responsibilities include the development of and advisement on personnel related policy and procedures; determination of training needs and priorities; and oversight of the agency volunteer program.

The INFORMATION TECHNOLOGY DIVISION provides customer service driven technological advancement of the agency's mission with cost-effective, secure, and reliable services to all TPWD divisions. Responsibilities include utilizing dependable and secure infrastructure, developing policies and procedures, providing outstanding customer support, and the continued integration of existing, new, and innovative technology services and applications within the agency.

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, 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; fish habitat assessment and enhancement; aquatic invasive species monitoring

and treatment; fish population monitoring and conservation; fish production and stocking; fish kill assessments; natural resource damage recovery; regulatory consultations and permitting; angler public engagement; and fishing access improvement. The Inland Fisheries Division operates five freshwater fish hatcheries.

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

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 1,376 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 park 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 2023 combined budget for TPWD, which includes operating expenses, capital projects, grants and employee benefits, totals approximately \$442.0 million.

BY DIVISION/FUNCTION

As shown in Figure 2, the State Parks Division accounts for the largest portion (34.5 percent) of the budget. Of the total State Parks Division budget of \$152.5 million, approximately \$21.9 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 18.9 percent, or \$83.4 million.

Allocations for aquatic resource protection and fish and wildlife management activities, reflected in the Wildlife, Coastal, and Inland Fisheries divisions, together represent roughly 19.8 percent of the budget. The Wildlife Division budget is the largest, at \$43.7 million, followed by Inland Fisheries (\$24.0 million) and Coastal Fisheries (\$19.9 million).

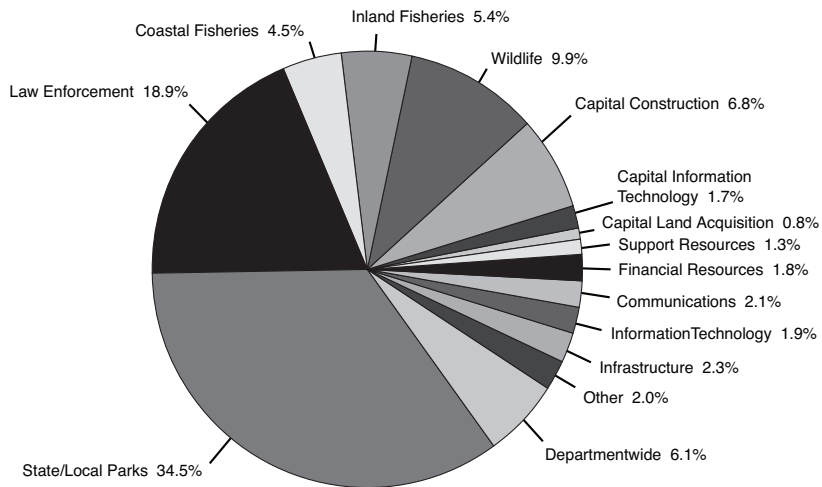
Support functions provided by Communications, Financial Resources, Human Resources, Information Technology, Infrastructure, Legal, Support Resources and the Executive Office account for 11.4 percent of the budget, while Capital Construction, Capital Information Technology, and Capital Land Acquisition categories together account for approximately 9.3 percent of the budget.

Finally, department-wide initiatives, such as estimated federal apportionments and payments to license agents, Tax Assessor Collectors, and the license vendor, make up 6.1 percent (or \$27.1 million) of the overall Fiscal Year 2023 budget.

BY CATEGORY

As a heavily service-oriented agency with roughly 3,161 authorized full-time equivalent positions, personnel costs comprise the largest portion of TPWD’s budget. As shown in Figure 3, approximately 44.3 percent (or \$195.6 million) of the overall budget is allocated for salaries in Fiscal Year 2023. Employee benefits account for an additional 14.3 percent (or \$63.4 million) of the Fiscal Year 2023 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 is used to fund salaries and as a result, general revenue is directly

FY 2023 Total Budget by Division \$442.0 million



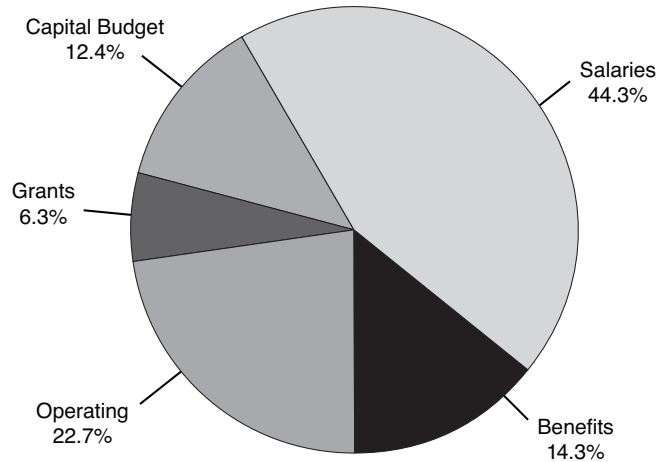
Source: 8/25/2022 Commission Meeting Materials, FY 2023 Operating and Capital Budget

Figure 2

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 22.7 percent (\$100.3 million) of the total budget, followed by critical infrastructure repairs and other items that comprise the agency’s capital budget, which account for approximately 12.4 percent (or \$54.8 million) of the overall budget. Finally, the department’s grant budget comprises 6.3 percent (or approximately \$27.9 million) of overall funding. This includes amounts for local parks, outreach, boating access, and other grant programs.

FY 2023 Total Budget by Category \$442.0 million



Source: 8/25/2022 Commission Meeting Materials, FY 2023 Operating and Capital Budget

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.

FY 2023 Total Budget by Funding Source (in millions)

General Revenue – Fund 1	216.9	49.1%
Game, Fish and Water Safety – Fund 9	120.8	27.3%
State Parks – Fund 64	29.0	6.6%
GR Ded. – Other	0.2	0.0%
Federal	70.2	15.9%
Other	4.9	1.1%
Total	442.0	100.0%

Source: 8/25/2022 Commission Meeting Materials, FY 2023 Operating and Capital Budget

Figure 4

GENERAL REVENUE-DEDICATED

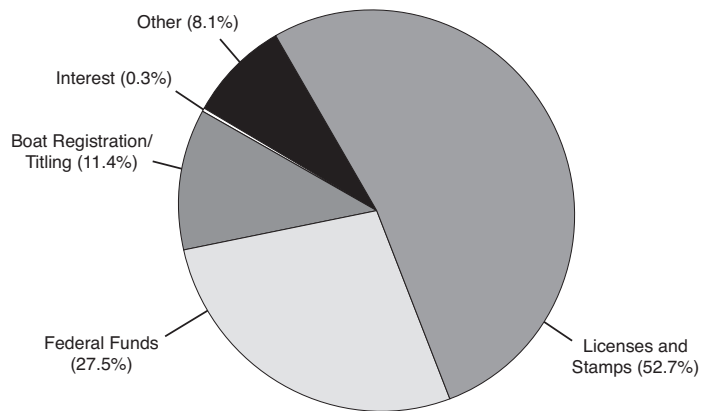
TPWD’s special, or dedicated funds, together account for approximately 33.9 percent of the Fiscal Year 2023 budget. Compared to general revenue, which is derived from general state taxes, these dedicated funds primarily consist of revenues generated from the Texas Parks and Wildlife Department’s customers. They are also distinguished from

general revenue in that their appropriation and use is restricted to specific purposes as stated in statute.

The largest of the agency’s special funds is the Game, Fish and Water Safety Account (Fund 9), which accounts for 27.3 percent of the agency’s budget for Fiscal Year 2023. 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.

**Game, Fish and Water Safety Account (Fund 9)
2023 Estimated Revenue – \$210.8 million**



Source: Comptroller's Biennial Revenue Estimate (Jan. 2021).

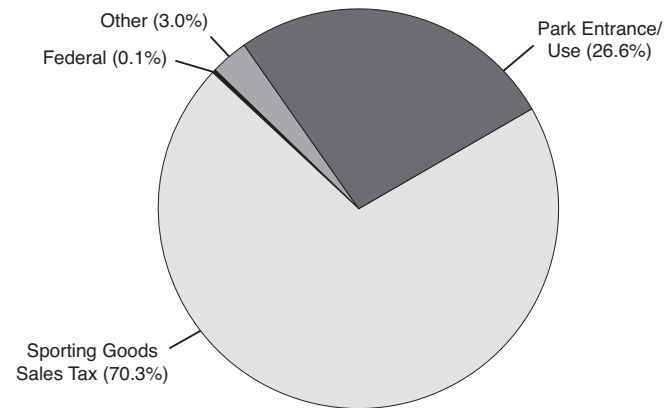
Figure 5

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 6.6 percent of the Fiscal Year 2023 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.

**State Parks Account (Fund 64)
2023 Estimated Revenue – \$195.4 million**



Source: Comptroller's Biennial Revenue Estimate (Jan. 2021), adjusted to include SGST allocations directed to TPWD in State Parks Account 64 as shown in GAA (plus fringe).

Figure 6

Note that while Sporting Goods Sales Tax revenues are deposited into the State Parks Account, for the purpose of method of finance in the appropriations bill, and from a budgeting perspective, it is treated as General Revenue, and will be discussed further in the next section.

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, comprising 49.1 percent of TPWD’s Fiscal Year 2023 budget. 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.

For Fiscal Year 2023, TPWD’s initial allocation of SGST totaled \$193.3 million, including amounts for transfers for retiree insurance and debt service payments. Updated revenue estimates from the Comptroller’s Office in November 2021 and July 2022 have resulted in an additional \$57.2 million of SGST available to TPWD, for a new Fiscal Year 2023 total of \$250.6 million. Allocation of these additional amounts to specific programs and strategies is based on an assessment of current needs in consultation with and subject to approval by the Legislative Budget Board. Additional information on SGST can be found in Appendix B.

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 2023 appropriation reflects \$19.1 million from this source for aquatic vegetation management and law enforcement purposes.

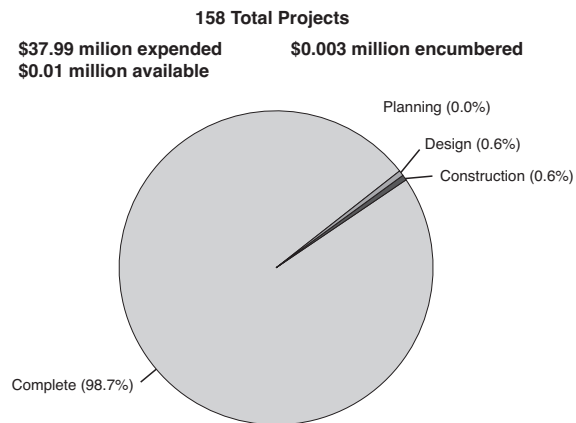
Finally, TPWD has also historically received “pure” general revenue appropriations to cover agency costs such as debt service on revenue bonds, and law enforcement-related operations.

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 2022 had expended or encumbered \$37.99 million on a total of 158 projects statewide (see Figure 7).

General Obligation Bond Project Status
(Prop. 4, 2nd Issue – April 2010) as of September 30, 2022
(\$38.0 million)

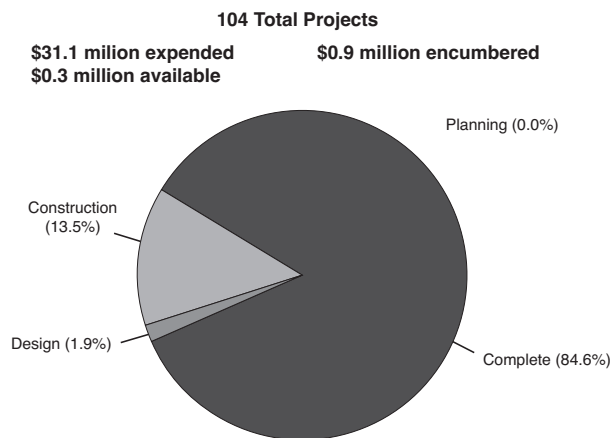


Source: TPWD—Infrastructure Division

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 2022 had expended or encumbered \$32.0 million on a total of 104 projects (see Figure 8).

**General Obligation Bond Project Status
(Prop. 4, 3rd Issue – April 2012) as of September 30, 2022
(\$32.35 million)**

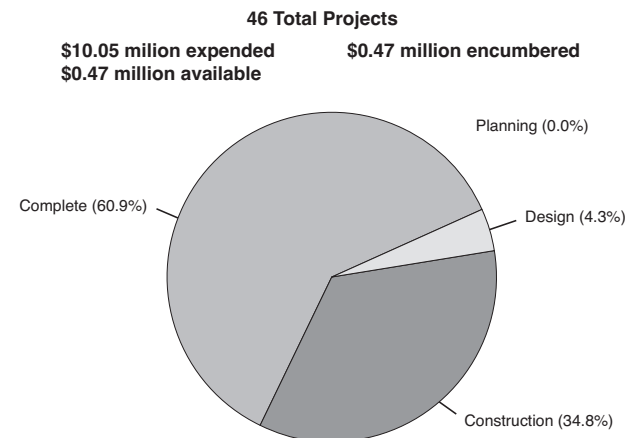


Source: TPWD–Infrastructure Division

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 46 projects have been funded from this source, and as of September 2022, TPWD had expended or encumbered a total of \$10.5 million of this issuance (see Figure 9).

**General Obligation Bond Project Status
(Prop. 4, 4th Issue – March 2014) as of September 30, 2022
(\$11.0 million)**



Source: TPWD–Infrastructure Division

Figure 9

FEDERAL SOURCES

In Fiscal Year 2023, approximately \$70.2 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, \$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 2023 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 23, 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 2023, the GAA initial bill pattern appropriation authority for TPWD totaled \$378.6 million (see Figure 10).

FY 2023 Appropriation Authority (in millions)

General Revenue – Fund 1	185.0
Game, Fish and Water Safety Account – Fund 9	99.7
State Parks Account – Fund 64	24.4
Federal	64.5
Other (Appropriated Receipts, Other GR-D Accts, etc.)	5.0
Total	378.6

Does not include authority associated with fringe benefits.

Source: 87th Legislature, General Appropriations Act (2022-23 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 2023, 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 2023 budget were those associated with employee benefits/benefit replacement pay. Additional Fiscal Year 2023 SGST appropriations resulting from updated Comptroller revenue estimates had not yet been approved by Legislative Budget Board at the time of budget adoption, so therefore were 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 2023 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.

SENATE BILL 321 ERS LEGACY PAYMENTS

Senate Bill 321, passed by the 87th Legislature R.S., requires the state to make actuarially determined payments in amounts necessary to amortize the state retirement system's unfunded actuarial liabilities. House Bill 2, the supplemental appropriations bill passed by 87th Legislature, appropriated a total of \$1.02 billion for this purpose, and allocated the appropriation across general revenue, general revenue-dedicated, federal and other funding sources. This appropriated amount represented the first two years of annual payments which will continue through 2054.

In the spring and summer of 2022, TPWD received notification from the Comptroller's Office that TPWD's calculated share of these ERS legacy payments would be roughly \$18 million from general revenue-dedicated funds and \$3.3 million from federal funding sources. Since that time, it has been determined that paying the federal portion

would result in operational impacts/reductions to TPWD, so the federal component of TPWD’s required payment has been removed. However, the general revenue-dedicated portion, which impacts the Game, Fish and Water Safety Account, the State Parks Account, the Local Parks Account, and the Large County and Municipality Recreation and Parks Account, must still be paid.

A review of Fiscal Year 2023 estimated fund balances indicates sufficient cash to support these payments for this year, however, there is a significant concern with the ability to continue payments such as this over time. Additionally, while TPWD has had preliminary discussions with the USFWS regarding allowability of the Game, Fish and Water Safety Account for payment of these amounts, uncertainty still exists as to whether the methodology for calculating TPWD’s share will fully meet federal requirements to avoid a finding of diversion.

Fiscal Year 2024-2025 Funding and Rider Requests

TPWD’s 2024-2025 Legislative Appropriations Request (LAR) submission includes base and exceptional item requests which were carefully considered to ensure they reflect the highest value for the citizens of Texas and are in line with statewide goals of ensuring efficient, effective, transparent and accountable government, while also providing funding in support of TPWD’s conservation and outdoor recreation goals.

TPWD’s 2024-2025 Legislative Appropriations Request

Funding Request (in millions):	FY2024	FY2025	Biennial
Total Base	\$477.6	\$434.3	\$911.9
Total Exceptional	\$71.2	\$5.5	\$76.7
Grand Total	\$548.8	\$439.8	\$988.6
Method of Finance			
General Revenue	\$253.4	\$218.8	\$472.2
General Revenue-Dedicated	\$219.7	\$151.4	\$371.1
Federal Funds	\$69.8	\$64.5	\$134.3
Other Funds	\$5.9	\$5.1	\$11.0
Grand Total, Method of Finance	\$548.8	\$439.8	\$988.6

Figure 11

BASE FUNDING

The Texas Parks and Wildlife Department’s LAR for 2024-2025 includes a biennial base funding request of \$911.9 million and 3,160.9 full-time equivalent (FTE) employee positions in each year.

Base limits calculated by the LBB and Governor’s Office for the 2024-25 biennium removed several one-time appropriation amounts, as well as all capital transportation authority for non-law enforcement related functions.

The TPWD vehicle fleet is critical to TPWD’s ongoing operations across the state, as vehicles are needed for activities such as conducting wildlife and aquatic biological studies, providing wildlife technical guidance to private landowners, operating WMAs, providing outreach and education services, managing construction projects, responding to violations and accidents involving natural resources, mail delivery, maintenance of facilities, and security. Agency vehicles are utilized heavily, wear accordingly, and must be replaced according

to an ongoing/recurring replacement schedule. They are as integral to operations as computers and cell phones.

In recent sessions, TPWD has aimed to address key strategic funding priorities within base limits by careful repurposing of existing authority and method-of-finance adjustments. Given the criticality of capital transportation authority to our ability to effectively carry out our mission, TPWD's base request proposes restoration of funding for capital transportation. Examples of other significant agency priorities addressed in the base include employee compensation, inflationary cost increases, proposed Schedule C salaries for state park police officers, redesign of the Boat Registration Information and Titling System, Chronic Wasting Disease, Information Technology, and state and local park needs utilizing anticipated SGST. Additional information on these base priority items is provided below.

Staff Compensation

Employee compensation surveys and studies have consistently identified pay as a significant issue for TPWD. Analysis of TPWD's salary structure indicates an average salary of \$55,015 at the end of Fiscal Year 2021, which lags behind the Article VI (Natural Resources) agency average by \$5,989 annually. Success in recruitment and retention of qualified staff is often further complicated by factors such as the remote location of many TPWD sites, which present a limited labor pool, and/or the availability of higher paying private sector jobs.

Additionally, inflationary pressures on the purchasing power of wages can cause talent to look for employment opportunities elsewhere, especially in major metropolitan areas. In Austin for example, the combined effect of a highly competitive private and public sector job market and cost of living has made it difficult to recruit and retain positions for headquarters-based positions, particularly those related to support functions such as finance, accounting, legal, communications, and information technology. In addition to these pressures, the "great resignation" in 2022 has increased TPWD's turnover rate,

across entry-level, mid-level, and senior positions. In Fiscal Year 2022, TPWD experienced at least a 36% increase in separations over Fiscal Year 2021. Exit surveys reveal that the primary reason for leaving is better pay/benefits. The department's goal is to have a competitive total rewards strategy that includes employee programs, business practices, and other dimensions that collectively comprise the department's strategic efforts to attract, motivate, and retain quality employees. An effective compensation package that includes competitive salaries is a key aspect of this plan.

Another key TPWD compensation issue involves state park police officers (SPPOs), who provide law enforcement and public safety services not only to state parks, but in local communities and along the border as well. While SPPOs serve as commissioned peace officers and train side-by-side with game wardens, they are currently classified under Salary Schedule B, making between 4.4% to 23.9% less salary than game warden counterparts in Salary Schedule C. Lower police officer salaries and salary inequities with other state law enforcement officers directly impact the ability to recruit and retain a diverse team of qualified officers. The current duties of a SPPO no longer align with Salary Schedule B, and consideration should be given to moving SPPOs to Salary Schedule C along with other commissioned law enforcement officers within TPWD and in the state of Texas.

Inflationary Cost Increases

Due to the broad range of TPWD responsibilities and services, many TPWD functions are highly sensitive to inflationary cost increases, including those impacting commodities such as electricity, natural gas, and fuel, as well as goods, services, and materials. Many routine agency daily operations, such as vehicle and boat patrols conducted by game wardens, population and harvest surveys conducted by biologists, and state park maintenance are all heavily fuel intensive.

Likewise, electricity/utility needs at TPWD facilities are quite different from most other agencies. Many state park sites offer recreational vehicle campsite pads with sewer, water, and electrical hook-ups.

Sites require lighting for visitor centers and interpretive displays. Hatcheries require water and electricity to operate pumps to maintain healthy environments for raising fingerlings. The rising cost of goods, equipment, and materials likewise impacts nearly every facet of TPWD operations, ranging from paper and cleaning supplies needed to operate parks and other facilities, vehicles and vessels used for law enforcement, construction materials used in capital construction and repair projects, and feed, fertilizers, and other products required to operate fish hatcheries.

With a Consumer Price Index for Urban Consumers (CPI-U) increase of approximately 8.3%, and corresponding double-digit increases in gasoline, fuel, oil, and electricity prices over the last twelve months, TPWD continues to feel the very real pressures from these inflationary costs. Sustained increases in costs, which must be absorbed within existing budgets, effectively reduce the total amount of funding available across the agency for program delivery. As such, addressing inflationary cost increases is a key priority for the department.

Proposition 5 (SGST) and State/Local Park Demands

Passage of Proposition 5 in 2019 has resulted in more predictable and sustainable funding for state and local park purposes in the 2022-23 biennium. At the same time, demand for access to state and local parks has surged as more people have become interested in outdoor activities, increasing pressures on available state and local park resources, and highlighting the need for increased investments in these assets.

As TPWD prepares for the celebration of the state park system's centennial in 2023, it is imperative that the department continues efforts to expand and modernize parks to meet visitor demands and ensure quality visitor experiences. Likewise, continued investments are needed to provide enhanced local park and recreational opportunities to local communities.

For the purpose of this Legislative Appropriations Request, SGST was submitted consistent with approved GR-GRD limits, and amounts are directed as outlined in the SGST Informational Rider.

Chronic Wasting Disease

Chronic Wasting Disease (CWD) is a fatal neurodegenerative disorder that is known to affect some cervid species, including white-tailed deer, mule deer, elk, red deer, sika and their hybrids. If CWD is not contained and controlled, the implications of the disease for Texas and its multi-billion-dollar ranching, hunting, wildlife management and real estate economies may be significant. New CWD positives continue to be detected across the state and the CWD management strategy continues to evolve, creating an increased strain on staff and funding resources as a result. TPWD Wildlife Division has made important staffing adjustments in support of efforts to enhance monitoring and surveillance, to provide support for the Texas A&M Medical Veterinary Diagnostic Laboratory to accommodate testing needs, and to support ongoing and future research to enhance CWD management strategies using the best available science. Additionally, the department is continuing to investigate options to create additional capacity and redundancy in our ability to address surges in CWD testing needs by leveraging use of federal grant funds.

Information Technology and BRITS

TPWD faces a number of challenges in the realm of information technology. While cybersecurity remains a top priority for the agency, the changing nature and increased number of cybersecurity threats demand heightened vigilance. Continued investment allows the agency to anticipate and limit potential risk, ensure that data is not compromised, and reduce impacts to essential business processes.

There is also a great demand and need for replacement and/or upgrade of legacy systems. For example, the Boat Registration Information and Titling System (BRITS) processes over \$22 million annually in revenue and is currently operating on outdated technologies. This

system is creating a potential vulnerability for long-term outages for the agency and county tax assessor-collector offices. Replacing this mission-critical system over the next biennium is paramount to ensuring the department's continued ability to provide these services to the public.

Personal computers and laptops, specialized equipment for field-based staff, and ruggedized computers for game wardens are indispensable to completion of daily duties. Keeping these devices current is required for security integrity of the agency. However, factors such as price increases and limited capital authority have hampered the agency's ability to strengthen/maintain the five-year lifecycle replacement program for these items. Additional funding resources are needed to effectively resolve these immediate issues, as well as to address growing demands for the future.

EXCEPTIONAL ITEMS

TPWD is requesting five exceptional items totaling \$76.7 million over the biennium.

Capital Construction and Repairs

This request would provide \$32.1 million over the biennium to address priority capital construction and a backlog of repair needs at certain TPWD facilities across the state, which include eight fish hatcheries, 50 wildlife management areas (WMAs), and 29 law enforcement offices.

For example, the Game Warden Training Center in Hamilton County requires upgrades and maintenance/repairs to facilities and infrastructure such as the water system, residences, and HVAC system. The Law Enforcement Division is also in need of funding to replace leased boat equipment storage facilities statewide, and to update, maintain and repair regional and other offices that provide fishing, hunting, and boating licenses and other services to the public.

WMAs are in need of repairs/renovations to storage barns, fencing and on-site staff housing. Coastal and Inland hatcheries/facilities across the state are in need of new pump stations, pond renovation, and facilities repairs to ensure optimal hatchery operations. These sites play an important role in provision of public hunting and marine/freshwater fishing opportunities to the public.

The Austin headquarters building, which dates from 1976, is in dire need of repair, renovation and upgrade. The HVAC system, which is critical to daily operations at headquarters, is as old as the building itself. There are currently nine original air handlers located in buildings A, B and C that need to be replaced as soon as possible.

Law Enforcement Aircraft and Vessels

This exceptional item request is for \$23.6 million for law enforcement aircraft and vessels. The TPWD Law Enforcement Aviation Branch is in acute need of additional fixed wing assets to continue to execute its current mission set safely, curtail rising maintenance costs, and accommodate increasing mission capability requirements. Currently, the Law Enforcement Division operates with only one aircraft, a helicopter, as the previous department fixed-wing asset, a 2009 Cessna 206H, was recently lost due to a mechanical failure in flight. A viable replacement option is the Cessna 208B Grand Caravan EX, a high wing, turbine-powered, multi-passenger, large payload airplane.

Acquisition of two new aircraft (\$15.6 million) would ensure increased service life of assets, increase the overall safety and reliability of TPWD fixed-wing operations, and allow the agency to expand current mission sets through additional and magnified capabilities. Mission sets that will be flown with new aircraft include aerial observation/surveillance, wildlife population surveys, environmental research/enforcement including TCEQ flight requests, fire suppression, public safety, Gulf of Mexico fisheries enforcement, and quick transport.

The department is also requesting 40 additional vessels per year (\$8 million) to maintain and start a replacement schedule for an

aging fleet. TPWD's current law enforcement vessel fleet consists of 609 vessels, over 38 percent of which are 15 years old. A total of 57 vessels were bought before 1990 and are over three decades old, all of which are aluminum boats. Older assets such as these typically incur higher maintenance costs and do not perform at the peak levels needed to effectively carry out law enforcement duties. Replacement of these assets will help ensure that officers are adequately equipped to safely and efficiently carry out their duties, including routine patrols, presence on public waterways, disaster response, and search and rescue.

Oyster License Buyback Program

This exceptional item requests \$3 million over the biennium from the Game, Fish and Water Safety Account (Fund 9) to accelerate the voluntary oyster license buyback program in order to reduce over-capitalization and allow the oyster fishery to become more stable, sustainable, and economically viable, both year-to-year and in the long term. A portion of the total would be derived from dedicated license buyback accounts, which are funded through a surcharge on various commercial fishing licenses.

Oyster populations in Texas bays have been subjected to stressors such as hurricanes, droughts, floods, and unsustainable harvest pressures, which has led to declines in abundance since the mid-2000s. At the same time, as oyster fisheries on the Atlantic Coast and other Gulf states have declined, the demand for Texas oysters has increased.

Since 2018, TPWD has held five rounds of oyster license buyback. A total of 15 bids, ranging from \$4,450 to \$50,000, have been received over those rounds, and only three licenses have been purchased to date, at an average price of \$7,150. It has become clear that to attract more bidders, the price for licenses paid to active license holders will need to be increased. Additional funding for buyback efforts offers a proven approach to reduce fishing effort in the long term.

Addressing oyster overharvesting would also help protect wild public reefs that provide nursery and refuge habitats for other marine life, stabilize shorelines, enhance water quality, and reduce coastal erosion.

Migratory Game Bird Habitat Acquisition

This exceptional item would provide \$10 million over the biennium for acquisition of migratory game bird habitat from willing sellers for expansion of/addition to wildlife management areas (WMAs). Funding for this item would be derived from the migratory game bird stamp account within the Game, Fish and Water Safety Account.

Migratory game bird populations, which include ducks, geese, coots, doves and sandhill cranes, have been facing increasing pressure in recent years due to human population growth, periodic drought, changing land uses, and habitat fragmentation. Ensuring future sustainability of these species requires effective conservation of breeding and wintering habitats to support populations at desired levels. Acquisition of high-quality wetland habitats in coastal Texas is one tool to meet this conservation need.

Investments in habitat acquisition will have a positive impact on outdoor recreational opportunities and local economies as well. With over 80,000 duck hunters and 300,000 dove hunters in the state, increased game bird populations and additional lands for hunting/wildlife viewing will increase the quality and quantity of accessible and affordable hunting and wildlife viewing opportunities available to the public.

Texas Farm and Ranch Lands Conservation Program

The Texas Farm and Ranch Lands Conservation Program (TFRLCP) is aimed at conserving working lands that have high values for water, fish, wildlife, agricultural production, and a host of other important public values that are at risk of development. Conservation is achieved by providing grant funds to purchase long-term conservation easements from willing participants. To date, under TPWD, the TFRLCP Council has approved funding for a total of 30 projects,

bringing more than 45,000 acres of the state’s high value working farms and rangelands under perpetual protection. Since inheriting the program in 2015, TPWD grant funds totaling \$6.4 million have been leveraged with landowner in-kind matches and the U.S. Department of Agriculture’s Natural Resources Conservation Service funds for a total conservation value of over \$59.6 million.

Based on the success of this program, TPWD requests an additional appropriation of \$8.0 million in Fiscal Year 2024 to increase grants awarded for the purchase of long-term conservation easements. The funding would help address burgeoning landowner demand for such easements, facilitate an increase in acreage protected from fragmentation and development, and increase effectiveness in conserving the state’s fish, wildlife, water, and open space resources, which are largely found on private lands.

EXEMPT POSITION REQUEST

The Parks and Wildlife Commission requests consideration of a change to the salary group and rate for the TPWD Executive Director. This position is currently in Group 7, with a maximum salary of \$215,412 set in the agency’s bill pattern. The current salary for the position is considerably less than that paid to executive directors at large complex agencies with a law enforcement component, inclusive of public safety and border enforcement.

The TPWD Executive Director position reports to a nine-member commission and is responsible for overseeing more than 3,000 agency positions covering a diverse set of disciplines ranging from administrative, technical, professional, legal, law enforcement, and scientific backgrounds. The TPWD Executive Director has responsibility for managing a complex budget structure including the management and audits of many federal grants. Responsibilities of the position also include the management of a large and varied inventory of facilities statewide, ensuring the safety and well-being of approximately 10 million annual visitors to state parks, WMAs, hatcheries

and other facilities, and managing diverse ecosystems and cultural and natural resources of the state.

TPWD is home to the second-largest law enforcement entity in state government, employing more than 500 game wardens and 150 state park police officers (SPPOs) with primary responsibility for enforcing game and wildlife laws and ensuring public safety in parks. These positions also have jurisdiction and responsibility to enforce all state laws, are a key component in state disaster response efforts, and have added responsibilities in support of border security enforcement efforts, including Operation Lone Star.

Based on these and other factors, the Parks and Wildlife Commission is requesting that the Legislature add the TPWD Executive Director to Article IX, Section 3.04(f) at a Group 8 level, and change the salary maximum specified in the TPWD bill pattern to \$299,813 per year.

SELECTED RIDER REQUESTS

Payments to State Parks Business System Vendor

The contract for the State Parks Business System is structured on a percent of revenue basis rather than a flat-fee amount, meaning 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 budget for other areas.

Appropriation of Interest Earnings – Deferred Maintenance Account (Fund 5166)

For the 2016-17 biennium, a portion of TPWD’s Deferred Maintenance Account No. 5166 appropriation was funded by a transfer from the Game, Fish and Water Safety Account (Fund 9) into Account 5166. These amounts, including any interest earned on the balances, are restricted under federal guidelines for use only on fish and wildlife projects. This rider would grant estimated authority to spend any

interest, including existing amounts and any additional interest earned during 2024-25, for fish and wildlife related deferred maintenance projects.

Unexpended Balance Authority for Senate Bill 8 Amounts

Senate Bill 8 appropriated a total of \$43 million from the Coronavirus State Fiscal Recovery Fund to TPWD to provide outreach and education grants (\$40 million) and funding to the Texas Aquarium (\$3 million). While TPWD is making every effort to expend/encumber the funds by the November 8, 2023 expiration, due to uncertainty surrounding the process and timing of reimbursement requests from recipients, TPWD is requesting authority to carry forward unexpended balances into the 2024-25 biennium.

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 motorboat 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; 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 (3042-Monarch Butterfly, 3043-Horned Toad, 3044-Bluebonnet, 3045-Whitetail Deer, 3046-Camping, 3047-Largemouth Bass, 3048-Hummingbird, 3049-Rattlesnake, 3050-Texas Rivers, 3051-Bighorn Sheep, 3052-Roadrunner) 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, 3152-Quail, 3153-Big Bend Fossil Plate, and 3154-Houston Audubon-Meadowlark).
- 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, House Bill 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 of 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.

- House Bill 1422: 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

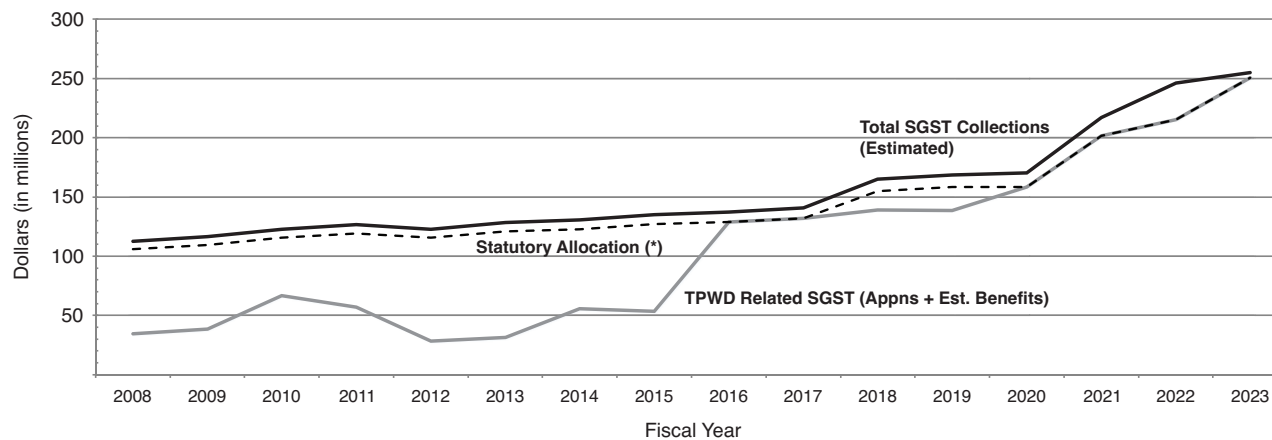
The Comptroller’s estimate of total sporting goods sales tax revenues has steadily increased over the years – from \$112.5 million in Fiscal Year 2008 to an estimated \$254.8 million in Fiscal Year 2023.

For the 2022-2023 biennium, the General Appropriations Act (GAA) allocated TPWD a total of \$376.5 million in SGST, which reflected the full amount allowable under Tax Code, equating to 93 percent of the total \$404.8 estimated by the Comptroller for the biennium in the January 2021 Biennial Revenue Estimate. Subsequent Comptroller

updates in November 2021 and July 2022 have resulted in an additional \$89.4 million in SGST allocated to TPWD, for a new total of \$465.8 million over the 2022-23 biennium. Under the process set forth in GAA Rider 14, Sporting Goods Sales Tax (SGST), allocation of these amounts to programs and strategies is based on an assessment of current needs in consultation with and subject to approval by the Legislative Budget Board.

As shown in the chart below, while TPWD SGST appropriations have reflected growth over time, until recently amounts were not consistent or predictable from biennium to biennium, and the total amounts provided to TPWD were below the statutory allocations, with a few exceptions. 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, has helped to ensure 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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PWD RP A0900-679 (12/22)

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