



Interim Report

to the 84th Legislature

House Committee on
Culture, Recreation, & Tourism



January 2015

**HOUSE COMMITTEE ON CULTURE, RECREATION, & TOURISM
TEXAS HOUSE OF REPRESENTATIVES
INTERIM REPORT 2014**

**A REPORT TO THE
HOUSE OF REPRESENTATIVES
84TH TEXAS LEGISLATURE**

**RYAN GUILLEN
CHAIRMAN**

**COMMITTEE CLERK
REBECCA DONACHIE**



Committee On
Culture, Recreation, & Tourism

January 12, 2015

Ryan Guillen
Chairman

P.O. Box 2910
Austin, Texas 78768-2910

The Honorable Joe Straus
Speaker, Texas House of Representatives
Members of the Texas House of Representatives
Texas State Capitol, Rm. 2W.13
Austin, Texas 78701

Dear Mr. Speaker and Fellow Members:

The Committee on Culture, Recreation, & Tourism of the Eighty-third Legislature hereby submits its interim report including recommendations and drafted legislation for consideration by the Eighty-fourth Legislature.

Respectfully submitted,



Ryan Guillen



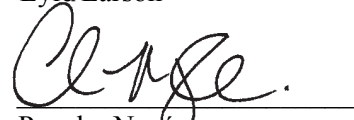
Dawanna Dukes, Vice-Chair



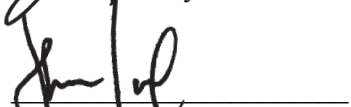
Lyle Larson



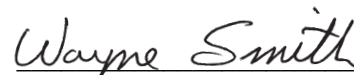
Jimmie Don Aycock



Poncho Nevarez



John Kuempel



Wayne Smith

Vice-Chair Dawanna Dukes

Members: Jimmie Don Aycock, John Kuempel, Lyle Larson, Poncho Nevarez, Wayne Smith

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INTRODUCTION

At the beginning of the 83rd Legislature, the Speaker of the Texas House, the Honorable Joe Straus, appointed seven members to the House Committee on Culture, Recreation, & Tourism. The members are as follows: Ryan Guillen, Chairman; Dawnna Dukes, Vice Chair; Jimmie Don Aycok, John Kuempel, Lyle Larson, Poncho Nevárez, and Wayne Smith.

During the interim, the committee was assigned seven charges, listed on the following page.

CULTURE, RECREATION, & TOURISM

INTERIM STUDY CHARGES

- Charge 1 Develop a long-term plan to incorporate land that has been donated or sold to Texas Parks and Wildlife Department into our state park system.
- Charge 2 Evaluate the Texas Film Commission and the Texas Music Office to determine their effectiveness in economic development in Texas. Determine how the offices can better collaborate with local economic development entities and state agencies to further the economic development goals of the state.
- Charge 3 Examine the viability of including the commercial oyster industry in the Commercial Fishing License Buyback Program at the Texas Parks and Wildlife Department.
- Charge 4 Examine current statutes and rules to determine any necessary enhancements that can assist in the eradication of feral hogs by using practical solutions and effective eradication techniques. *(Joint charge with the House Committee on Agriculture and Livestock)*
- Charge 5 Monitor the implementation of HB 3279 (83R) regarding the protection of seagrass plants.
- Charge 6 Examine the economic impact of cultural, recreational, or tourism grants provided by the state, including any economic development grants related to cultural, recreational, or tourism industries, heritage tourism, courthouse restoration, and historic district revitalization.
- Charge 7 Conduct legislative oversight and monitoring of the agencies and programs under the committee's jurisdiction and the implementation of relevant legislation passed by the 83rd Legislature. In conducting this oversight, the committee should:
- a. consider any reforms to state agencies to make them more responsive to Texas taxpayers and citizens;
 - b. identify issues regarding the agency or its governance that may be appropriate to investigate, improve, remedy, or eliminate;
 - c. determine whether an agency is operating in a transparent and efficient manner; and
 - d. identify opportunities to streamline programs and services while maintaining the mission of the agency and its programs.

Interim Charge #1

Develop a long-term plan to incorporate land that has been sold or donated to Texas Parks and Wildlife Department into our state park system.

A public hearing was held on October 24, 2014 and the following witnesses testified on the charge:

- 1) Carter Smith, *Executive Director*
Texas Parks and Wildlife Department
- 2) Brent Leisure, *Division Director, State Parks Division*
Texas Parks and Wildlife Department

The information below is largely based on the oral and written testimony of the individuals listed above.

Background

In 1923, Governor Pat Neff established the first state park, Mother Neff State Park. Since then, Texas has created 95 state parks, natural areas, and historic sites. Today, state parks are economic engines, particularly as it relates to the tourism industry.

Texas is the 8th most visited state and tourism is the second largest contributor to the state's GDP. State parks contribute to the economic impact of the tourism industry by attracting a wide variety of out-of-state visitors and generating revenue for both state and local economies. In 2007, state parks hosted 2.3 million overnight visitors and 6.7 million day visitors.¹ The parks attract visitors from places such as Canada, Germany, the United Kingdom, and Mexico.² In 2006, Lyndon B. Johnson State Park accounted for \$33,101,011 of Gillespie County's sales, \$17,165,483 to its residents' income, \$165,505 to the county's sales tax revenues, and about 719 jobs.³

While our state parks are a great attraction, a 2001 study by Texas Tech University found that with the projected rapid increase in population, and with overwhelming public support and demand for more public parks, the Texas Parks and Wildlife Department (TPWD) needed to create a long-term plan to incorporate more land into the park system. Texas has a current population of 27 million residents, with a projected increase to 55.2 million by the year 2050.⁴

This rapid increase in population, coupled with the high amount of out-of-state visitors using the parks, has contributed to the deterioration of existing parks. Needing to address these issues before expanding the system, Rider 31 of the General Appropriations Act of the 80th Legislature directed the Texas Parks and Wildlife Department to conduct a study to determine the necessary resources to improve parks and ensure that parks meet the criteria of a "high quality state park system."⁵

Considering their role in the state's economic well-being and general benefit to the public, the repair, maintenance, and expansion of the state parks system is in the best interest of the state.

Challenges to Expansion

As required by Rider 31, the Texas Parks and Wildlife Department completed a study on how to bring our park system back to a high quality system. The study found that the first obstacle the agency faces in maintaining the quality of the parks is a lack of funding.

In order to keep pace with the growing population and the demand for state parks, the agency needs the necessary operational dollars to repair and sustain existing facilities, as well as acquire more land in a state dominated by private ownership.⁶ As a state, according to data compiled in 2012, Texas ranks 22nd in the amount of land per capita we provide through our parks and we rank 50th in operational expenditures per capita, expending about \$2.50 per person on our parks.⁷ We are lagging behind in investing in our park system compared to other states while facing the challenge of providing these important outdoor and cultural activities to a rising populace. The Texas Parks and Wildlife Department faces the daunting trials of trying to

improve and maintain our current park system, meeting the needs of a demanding citizenry, and expanding the current system with limited resources.

An increase in usage is not the only problem associated with substantial population growth, as several studies have found that an increase in the diversity of the population will also create new needs the Department needs to fulfill. Governor Bush's Blue Ribbon Panel study found that by the year 2030, as compared to the current population, Texas is expected to have a population that is approximately 36 percent Anglo, 46 percent Hispanic, 10 percent African American, and 8 percent from other ethnic groups.⁸ Some future Texans may not find their recreational interests are met by what is currently offered. The state not only needs to expand the park system but also needs to meet the new desires and proclivities of changing communities.

Hispanics tend to be more supportive of increasing funding for cultural and recreational activities, but are generally less aware of Parks and Wildlife programs.⁹ While African Americans show less interest in participating in outdoor recreation, they are stronger supporters of preserving the importance of natural and cultural resources than the Anglo population.¹⁰ Increasing outreach and awareness to these communities will be necessary in order to provide cultural and recreational activities desirable to our diversifying population. It will also be important for ensuring that public support for the preservation and protection of our wildlife and natural resources remains strong.

Texas' fast growing urban areas will be main attractions for the growing population. With the changing demographics and the time constraints of urban life, citizens living in cities have less access to outdoor recreation facilities. With adequate funding, TPWD could fund matching grants with the private sector, nonprofit organizations, and local entities to create more parks in urban areas and increase accessibility to the urban population.¹¹

It will be difficult for the Texas Parks and Wildlife Department to improve and repair existing parks and meet the needs of a growing and changing population without adequate funding.

Plan to Incorporate More Land¹²

In the past ten years, the Texas Parks and Wildlife Department has carried out acquisition transactions in 33 different state parks.¹³ This accounts for more than 57,000 acres of land and will allow for the creation of two new park locations at Palo Pinto Mountains State Parks and the Albert and Bessie Kronkosky State Natural Area, as well an additional unit of Devils River State Natural Area. Acquired parkland is valued at approximately \$122,000,000 over the past ten years, with about 73% of that amount attained through private financial contributions and donations of land.

During that ten year period, the Department has performed 42 divestiture transactions within the parks system, including a combination of sales, transfers to other local or state agencies, or termination of leases. The acreage from divesting activities amounts to approximately 23,000 acres.¹⁴

The Department is in the stages of pre-development planning for six state parks or natural areas either closed to the public pending development or public access is restricted until the area is further developed.¹⁵

1) Palo Pinto Mountains State Park

- a. About 4,000 acres. Located in Stephens and Palo Pinto counties, the land was acquired in 2011 using proceeds from the sale of Eagle Mountain Lake SP. Private funds played a large role in the purchase of Eagle Mountain Lake SP from TPWD, and the Department plans to reinvest the proceeds into another state park within reasonable driving distance from Fort Worth. TPWD has initiated a public use planning process for this site and it is expected to be completed by December 2014. As part of the FY 16-17 appropriation request from the Department, \$2.7 million was requested for design costs associated with the plan. If granted, the Department anticipates they will seek construction funds in the FY 2018-19 biennium.

2) Albert and Bessie Kronkosky State Natural Area

- a. The Department acquired in 2012 approximately 4,000 acres in the natural area located in Kendall and Bandera counties. This was possible through a generous donation from noted San Antonio philanthropist Albert Kronkosky. TPWD has initiated an 18 month public use planning phase, expected to be finished by December 2014. The Department believes it can then seek funds for design and construction in FY 2018-19. Until then, very limited access is possible with existing operating resources.

3) Devils River State Natural Area

- a. Through a combination of federal funds and private donations, the Department acquired about 18,000 acres at Devils River Ranch in 2011. Private fundraising was instrumental in the process and raised an additional \$1 million to aid in the development necessary to a public use plan that works with a strict conservation easement on the property. The Department will have to seek necessary operating funds in the FY 2016-17 appropriation request. If funding is granted, they expect public opening of the South unit of the Devils River State Natural Area sometime in 2016.

4) Chinati Mountains State Natural Area

- a. In 1996, about 37,800 acres of natural area were donated to TPWD. It was not accessible to the public until the Department's recent acquisition which involved multiple tracts of land joining the area with a public roadway. Now that access is available to the public, the public planning process will begin and should be completed by December 2016. The expected amount of development costs are not known at this time.

The Department is continuing to investigate several strategies for expanding the park system: acquire inholdings, adjoining acreage, and buffer lands when needed, necessary, and practical. There are certain properties that are high priority for the Department to expand as follows: Powderhorn Ranch, Balmorhea State Park, Goose Island, Davis Hill, Big Bend Ranch, Chinati Mountains, Franklin Mountains, Goliad

State Park and Historic Site, and properties in Richardson, the Hill Country, Lost Maples, and Brazos Bend. The agency is also looking into prioritizing coastal lands.

- a. Powderhorn Ranch: TPWD is currently working with NGO partners to add 17,351 acres in Calhoun County, one of the largest remaining tracts of unspoiled coastal prairie in the state.
- b. Balmorhea State Park: There is a drastic need for an additional area for flow of traffic.
- c. Goose Island, Davis Hill, Big Bend Ranch, Chinati Mountains, Franklin Mountains: The agency has private inholding that would be good to acquire if/when they become available.
- d. Goliad State Park and Historic Site: There is an opportunity to add to this park through the Texas Natural Resource Damage Assessment Program.
- e. Richardson, Hill Country, Lost Maples, Brazos Bend: The agency is aware of opportunities that exist to acquire land from willing sellers to expand state parks, but the agency does not have the means to do so at this time.

Recommendations

Based on the aforementioned findings, the Legislature should support the Texas Parks and Wildlife Department in its plans to expand the state park system and provide a valuable and highly desired resource to the public. Increasing funding by using the full 94% statutory allocation of sporting goods sales tax revenues for the state park system would enable TPWD to incorporate acquired and donated lands into the existing state park system and meet the demands of Texas' growing population. The Legislature should consider a constitutional amendment that would automatically direct the net revenue from the collection of state taxes on the sale, store, or use of sporting goods to the Texas Parks and Wildlife Department.

Interim Charge #2

Evaluate the Texas Film Commission and the Texas Music Office to determine their effectiveness in economic development in Texas. Determine how the offices can better collaborate with local economic development goals of the state.

Public Hearing

A public hearing was held on October 24, 2014 and the following witnesses testified on the charge:

- 1) Heather Page, *Executive Director*
Texas Film Commission
- 2) Casey Monohan, *Director*
Texas Music Office
- 3) Bill Hammond, *Chief Executive Officer*
Texas Association of Business
- 4) Jim Butler, *Multimedia Division*
City of Austin

Parts of this section are based largely upon the oral and written testimony of the individuals listed above.

Texas Film Commission

Background

For the past 43 years, the Texas Film Commission (Commission) has been the state's primary resource for the moving image industries, which include film, television, commercial, animation, visual effects, and video games. The Commission serves studios, Fortune 500 companies, students, large metropolitan regions, and small, rural towns.

The Texas Moving Image Industry Incentive Program (TMIIP) was created to strengthen the economy by encouraging companies to bring their business to Texas and to create more local jobs. TMIIP provides grants based on the project's expenditures for film, television, commercial, visual effects, and video game production. Qualifications mandate that 70% of paid employees must be Texas residents, at least 60% of total production days must be completed in Texas, and at least 70% of the total number of paid cast members must be Texas residents.¹⁶ In fact, for most productions filmed in Texas, approximately 80% of jobs are filled locally.

Incentives include at least \$100,000 but less than \$1 million will be eligible to receive a payment equal to 5% of eligible Texas spending and at least \$1 million is eligible to receive a payment equal to 10% of Texas spending. In underutilized or economically distressed areas of Texas, projects that complete a minimum of 25% of shooting days in these areas can receive an additional 2.5% of in-state spending, the total incentive payment adding up to 7.5% of eligible Texas spending. To be considered an underutilized or economically distressed area of Texas, the area must receive less than 15% of total film and television production in the state during a fiscal year and/or have a median household income that does not exceed 75% of the state's median household income.

In 2007, the Legislature appropriated \$20 million for TMIIP. The initial reimbursement rate was not competitive enough to attract business to Texas over incentives provided by other states.¹⁷ In 2009, the Legislature created a sliding scale for grant reimbursements and appropriated \$60 million.¹⁸

In 2013, the Legislature appropriated a historic amount of \$95 million for moving image incentives to stimulate growth in Texas. This allowed the Texas Film Commission to create jobs, encourage investment in Texas businesses, and to develop economic and tourism opportunities for Texas communities. It also enabled the Commission to refine the incentive program to make it more competitive, accountable, efficient, and customer service focused.¹⁹

Economic Benefits

The moving image industry in Texas is currently a \$1.5 billion dollar a year industry.²⁰ Texas is one of the major commercial production centers in the country and it is second in the country for video game production. Since 2013, the state has become one of the most highly demanded locations for production in the U.S. This has increased demand for workers in production and native Texans are returning home after working in neighboring states, bringing

their earning power back to Texas.²¹

In 2011, the Texas Association of Business sponsored a report on the economic benefits of TMIIP. According to this study, as of 2011, there was \$598.3 million in direct moving image production spending in Texas in accordance with the TMIIP from June 2007 through December 2010, which swells with spending in other industries including real estate, food services, and health care.²² With \$58.1 million paid and encumbered as of December 2010, the total economic benefits from the incentive program amounted to about \$1.1 billion in direct, indirect, and induced economic activity in Texas between 2007 and 2010.²³ For every dollar that was paid or encumbered, \$18.72 in private sector activity was produced.²⁴ As of 2011, the \$1.1 billion in spending led to 10,383 Texas full-time equivalent jobs (an average of 2,596) garnering an estimated \$370.9 million in income over the four years.²⁵ These numbers do not reflect the continued expenditure of the previously appropriated \$80 million to the incentive program nor do they reflect the recent appropriation of \$95 million in 2013.

Tables 1 and 2 – reproduced from the study - demonstrate the economic impacts during a period from 2007 – 2010, and then projections (2011) for benefits once all appropriated money has been allocated to approved projects. See Appendix A and B.

In 2014, an update to the study was published using data provided by the Commission up to 2012. According to the update, between June 2007 and August 2012, the Texas Film Commission awarded \$74.8 million in incentives to 521 projects, which generated \$640.7 million in direct spending in Texas.²⁶ The projects provided an estimated 9,688 full-time equivalent jobs (2007-2012). See Table 3 (reproduced) for exact numbers related to production in years 2007-2012. The total economic impact of the \$640.7 million in direct spending added up to more than \$1.3 billion in direct/indirect activity in Texas with 15,063 full-time jobs.²⁷ See Table 4.

Between 2007-2012, it is estimated there was \$58.9 million in revenue from state and substate taxes.²⁸ According to the study, “analysis of taxes attributable to sales and property in the state suggests that an estimated 27% may be attributable to state taxes, while the remaining 73% may be attributable to counties, cities, school districts, transit districts, community colleges, and special districts.”²⁹ During this six year period, the Texas Film Commission also provided \$74.8 million in tax incentives. Of these incentives, the state, counties, cities, school districts, transit districts, community colleges, and special districts received \$.78 of every \$1.00 paid.³⁰

Table 3: Moving Image Production, 2007-2012³¹

Fiscal Year	FTE Total	Labor (\$ millions)	Expenditures (\$ millions)	Total Texas Direct Spending (\$ millions)	Incentive Grant Amount (\$ millions)
2007	1,102	28.8	16.3	45.1	2.4
2008	1,150	46.4	33.1	79.8	4.2
2009	1,086	48.9	15.5	64.4	5.6
2010	3,314	138.5	56.4	194.9	31.1

2011	1,934	110.0	57.1	167.1	19.6
2012	1,103	58.9	30.6	89.5	12.0
Total	9,688	431.7	209.0	640.7	74.8

Table 4: Economic Impacts, 2007-2012³²

Impact Type	Output (millions)	Labor Income (millions)	FTE Employment (Total)
Direct Effect	\$640.7	\$427.3	9,688
Indirect Effect	\$165.4	\$58.3	1,378
Induced Effect	\$514.3	\$170.5	3,997
Total Effect	\$1,320.4	\$656.1	15,063

Another major economic benefit of the moving image industry to be considered is its effect on tourism. The tourism industry is a powerful economic engine in Texas, and media attracts tourists to specific areas. Moving image productions provide “free” advertising for the state.³³ An iconic Texas film, *Dazed and Confused*, has attracted visitors to Austin since it first came out. The film *Giant* has increased interest in West Texas and films both about the Alamo and films featuring the Alamo have contributed to increasing interest in the historic site.³⁴ This increase in interest is beneficial to the local communities where production or story of the particular media is located, as tourists visit the area and provide a direct economic impact on local businesses – restaurants, hotels, etc. Films and television shows like *Friday Night Lights* highlight and peak interest in aspects of Texas culture.

The movie *Hope Floats* attracted visitors to Smithville, Texas, and the city maximized that exposure and turned the city into a prosperous tourist destination long after the film’s popularity decreased.³⁵ The city became the first town certified by the Texas Film Commission as “film friendly” and now encourages businesses to produce in the area through the Smithville Film Commission. Since the filming of *Hope Floats*, *Tree of Life*, *Artois the Goat*, *Beneath the Darkness*, *Five Time Champion*, the popular indie production *Bernie*, and a number of other films and short series have been filmed in Smithville.³⁶

The Texas Film Friendly Program trains communities on how to process production and filming requests. Smithville serves as an excellent example of the economic benefits of being certified a “film friendly” city. After hosting numerous productions and being certified by the Texas Film Commission, the city has a streamlined application and fee process for entities seeking to film in the area.³⁷ Upon a company demonstrating a desire to produce in Smithville, the city meets with the company to extend assistance and demonstrate cooperation. Tom Nador, a director who has produced in Smithville, provided a testimonial to the city on the positive experience he had filming there, on how Smithville is a perfect model for other Texas towns looking to be “film friendly,” and even offered to help attract more projects to the area.³⁸ The city profits off renting space for production as well as the direct economic activity local businesses receive from the production crew and tourism. During the filming of *Tree of Life*, the production team opted to rent houses in the city rather than use trailers.³⁹ Local business leaders and residents rented out businesses and homes to crews.⁴⁰ According to a local film

commissioner, the filming of *Tree of Life* brought in about \$725,000, not including personal spending by cast and crew.⁴¹ The moving image industry has provided the city with exceptional economic opportunities.

The moving image industry also proves to be beneficial for larger cities, such as Dallas, Texas. Many famous films and television shows have featured the city, including popular productions such as *RoboCop*, *JFK*, *Ruby*, *Born on the Fourth of July*, *Chase*, *the Good Guys*, and *True Blood*.⁴² The iconic television show *Dallas*, and its subsequent remake, has generated immense interest in both the city and its culture. Big cities like Dallas also offer incentives that complement the financial incentives provided by the state. Dallas is home to many companies that can provide high-tech equipment and production services as well as a built-in skilled workforce.⁴³

The Texas Moving Image Industry Incentive Program has become an economic asset to the state. Following its inception in 2007, the program initially produced an economic impact of \$522 million and supported over 2,000 full-time jobs.⁴⁴ Using data through 2012, the program has grown to account for more than \$1.3 billion in direct and indirect economic activity and has generated approximately \$58.9 million in state and substate tax revenues.⁴⁵ The program has served as a powerful source of growth for the state as well as generated new and powerful sources for growth in local communities.

To better evaluate the economic impacts, both the Texas Film Commission and all Film Friendly cities should report annually on the number of jobs associated with production and any increases in tax revenue.

Texas Music Office

Created in 1990, the goal of the Texas Music Office is to promote the development of the music industry in Texas by informing the industry and the public of the opportunities available for production. There are currently 135,133 jobs in the music business, 9,000 businesses, 7,500 musical acts, 500 annual music events, 950 radio stations, and 141 college music programs. The current numbers are 5,432 individuals assisted and 222,000 unique visitors to the Texas Music Office website. Annual budget for the office is about \$270,000 a year and the office operates with 3 staff members. The annual budget for music events is \$74 million and about 19 million people attend events. The Texas Music Office supports both business and tourism in the state.

Charge # 3

Examine the viability of including the commercial oyster industry in the Commercial Fishing License Buyback Program at the Texas Parks and Wildlife Department.

Public Hearing

A public hearing was held on September 24, 2014 and the following witnesses testified on the charge:

- 1) Robin Riechers, *Coastal Fisheries Division*
Texas Parks and Wildlife Department
- 2) Brandi Reeder, *Fisheries Law Administration*
Texas Parks and Wildlife Department
- 3) Joey Park
Coastal Conservation Association of Texas
- 4) Tracy Woody, *Self*

The following section is based largely upon the oral and written testimony of the individuals listed above.

Background

Oysters play an important role in Texas estuary waters. As filter feeders, oysters are important for water quality due to their ability to filter phytoplankton as well as remove silt and contaminants from water. A single oyster is capable of filtering up to 50 gallons of water a day.⁴⁶ As a popular culinary dish, oysters are also a valuable and important part of Texas' commercial fishing industry.

During the 79th Legislative Session, in response to concerns of overharvesting, the Legislature passed SB 272 which authorized the Texas Parks and Wildlife Commission to create a license management program or license moratorium for the commercial fishing industry. The program is similar to the license management approach of the bay shrimp industry. This bill allowed for the issuance and renewal of commercial oyster boat licenses based on historical participation in the fishery after August 31, 2005, with a moratorium stating that anyone purchasing a license from that point forward must have purchased a license in the previous year. In order for an individual to obtain a license, they had to show proof of purchase for the preceding year as well as the state or United States Coast Guard vessel documentation.⁴⁷ There was a three month period following the passage of the bill where licenses could be purchased before the moratorium went into effect. Every oyster fisherman must have a Commercial Oyster Boat License, \$441 for residents and \$1,764 for non-residents. The Department was also required to establish a seven-member review board, elected by commercial oyster boat license holders, to handle hardships or appeals regarding licenses. The board reviews hardship and appeal cases regarding eligibility and administers advice on the administration of the program.

Prior to 2005, the ten year average (1994-2004) on license purchases was 350 licenses per year. Beginning in 2006, in response to concerns about the ability to be licensed in the future and speculative license purchasing, the number of licenses sold increased to 775, but that number has since declined. In 2013 and 2014 respectively, 567 and 552 licenses were issued. The number of licenses reporting landings are less than those purchased each year. In the last two years, the number has been approximately 360 licenses per year.⁴⁸

Oyster Season and Leases

All private oyster leases are in Galveston Bay. Recently, the oyster fishery, including public reefs and private oyster leases, has produced around six million pounds with a dockside value of \$20 million. The Galveston Bay, San Antonio Bay, and Aransas/Copano Bay each make up around one third of the overall harvest levels during public season.⁴⁹ Prior to recent hurricanes, Galveston Bay accounted for about 80% of overall harvest levels.

Current Public Oyster Season:⁵⁰

- a. Season: November 1st – April 30th (Sunrise to 3:30 PM)
- b. Sack Limit: 50 sacks per day per boat (sack = 110 lbs)
- c. Legal Size Limit: three inches along greatest length of the shell
 - a. Small oysters (3/4 of an inch – 3 inches) are culled and returned to reef
 - b. Each cargo may contain no more than 15% of undersized oysters
- d. Dredge Provisions: 48 inch width

-
- e. Special Provisions: oysters may be taken only from waters approved by the State Commission of the Department of State Health Services

Damage to Reefs

Galveston Bay has been significantly damaged by natural disasters, particularly Hurricane Ike of 2008. The storm caused thousands of cubic yards of sand and debris to settle onto oyster reefs in the bay, smothering the reefs and burying the substrate needed for oyster larvae to attach and grow.⁵¹

Including the Commercial Oyster Industry in the Commercial Fishing License Buyback Program

The Commercial Fishing License Buyback Programs are meant to stabilize activity and support fisheries stock.⁵² There is usually one license buyback round per license year. License holders are notified by mail when a round opens and interested persons are invited to apply at that time. The application period stays open for at least 45 days.⁵³

The number of licenses purchased prior to the moratorium closely resembles the number of fisherman actively participating each year in the fishery. Factoring in the average number of sacks landed each day and the number of days vessels work each month, it appears that there are licenses which could be removed without impacting overall harvest levels.

On average over the past two license years, vessels are landing an estimate of 30.5 sacks per vessel per day (2012-2013: 33 sacks; 2013-2014: 28 sacks). For the past several years, the average number of days vessels report landings is approximately 11-12 days per month, which implies that vessels work about one third of the month during the season.⁵⁴ The number of days reporting landings can change due to weather, maintenance, and other factors.

The Department already has license buyback programs for inshore shrimp, crab, and finfish. The programs were created in 1995, 1997, and 1999, respectively. The buyback went into effect either the next year or a full license year after instituting the program. These programs were funded initially by some level of license fee increase.

Fee increases:

- a. Shrimp: shrimp licenses that handled shrimp product were increased by 15% but not to exceed \$25
 - a. Amount budgeted was around \$170,000 per year
- b. Crabs: \$100 (20% of \$500 license fee)
 - a. Amount budgeted was around \$50,000 per year
- c. Finfish: \$72 increase (20% of \$260 license fee)
 - a. Amount budgeted was around \$22,000 per year

The Department also received grants and donations. In 1997, the shrimp buyback program was supported by a \$1.4 million three year federal grant. In May of 2000, the Texas Parks and Wildlife Commission adopted a \$3 surcharge which increased the fee of the

recreational saltwater fishing stamp from \$7 to \$10, dedicating those funds for the buyback programs.

These programs use a reverse bid type process where individuals turn in bids during a set period of time. The Department determines a price they are willing to pay for each license, and those that fall under that price are usually accepted. This allows the Department to put caps on the amount paid based on license histories and causes license owners to compete for available license buyback dollars. TPWD was able to ensure the Department was receiving fair value for the dollars spent in the program and allowed bidders to raise or lower the price in subsequent rounds if they thought the value of their license had changed.

Since the beginning of the program 18 years ago, the inshore shrimp license buyback program has reduced the number of licenses by 66%. Crab licenses have decreased by 22% and finfish licenses have decreased by 44%. The following table, reproduced from testimony provided by TPWD, compared the buyback programs with the license moratorium on oysters. For oysters, the numbers are since the 2005 moratorium and the reduction in number of licenses is attributed to licenses that are not actively being fished and the result of individuals declining to renew the license.⁵⁵

Table 1: Commercial License Management Program⁵⁶

License Type	Number of Licenses Retired	Percent of Licenses Retired	Number of Rounds	Expenditures	Years for Program
Shrimp	2,125	66%	31	\$14.2 million	18
Finfish	241	44%	20	\$1.4 million	14
Crabs	64	22%	17	\$0.4 million	16
Oysters	154	22%	-	-	7

These license buyback programs have achieved the goal of voluntarily removing potential or real fishing effort from the fisheries. It has prevented the severe disruption that could be caused by additional regulations to reduce the overall fishing effort and allows communities and the fishery the opportunity to appropriately adjust.

Given the success of the other license buyback programs, the importance of the oyster industry, and to prevent any serious negative impacts of overfishing or natural disasters, the state should consider including the commercial oyster industry in the Commercial Fishing License Buyback Program.

Recommendations

The Legislature should include oysters in the Commercial Fishing License Buyback Program in order to stabilize commercial activity and support oyster fisheries stock. The Legislature should provide the Texas Parks and Wildlife Commission with the necessary rulemaking authority to

administer oyster license buybacks.

The Texas Parks and Wildlife Department should use existing resources to finance oyster license buyback authority granted by the Legislature. Thus, the Texas Parks and Wildlife Commission should increase oyster license fees in order to cover costs associated with recapturing oyster licenses.

Charge #4

*Examine current statutes and rules to determine any necessary enhancements that can assist in the eradication of feral hogs by using practical solutions and effective eradication techniques.
(Joint charge with the House Committee on Agriculture and Livestock)*

A public hearing was held on October 24, 2014 and the following witnesses testified on the charge:

- 1) Gene Richardson, *Associate Director, Commodity & Regulatory Activities*
Texas Farm Bureau
- 2) Bryan Daniel, *Chief Administrator for Trade and Business Development*
Texas Department of Agriculture
- 3) Michael Bodenchuk, *Director, Texas Wildlife Services*
Texas A&M AgriLife Extension Service
- 4) Justin Foster, *Research Coordinator*
Texas Parks and Wildlife Department
- 5) Nick Dornak
Caldwell County Feral Hog Task Force
- 6) Dr. Dee Ellis, *Executive Director*
Texas Animal Health Commission

A large portion of this section is based upon the oral and written testimony of the individuals listed above.

Background

According to the Texas Parks and Wildlife Department, the first significant population of hogs in the state likely began with Spanish colonists.⁵⁷ After the violence encountered during the fight for Texas Independence began to dissipate in the mid-1800s, settlers began bringing livestock back to Texas, including hogs, which roamed freely. Many of these hogs escaped, creating a feral population.⁵⁸ Swine was the most common livestock found amongst settlers in Central Texas.⁵⁹ In the 1930s, European wild hogs were introduced to Texas for hunting with many of these also escaping from ranches and roaming with feral hogs.

Feral hogs have been able to adapt to a wide range of habitats, and as their distribution increased across the state, so did the population.⁶⁰ Mature feral hogs can weigh from 100 to over 400 pounds, males generally larger than females.⁶¹ Life expectancy is about four to five years, some up to eight years.⁶² The heavy population of feral hogs today can be contributed to releases for the purpose of hunting, the ability to adapt, disease eradication, limited natural predators, and high rates of reproduction.⁶³

East, South, and Central Texas have the highest populations of feral hogs and current estimates indicate that there are more than 2 million feral hogs in Texas.⁶⁴

Problems Posed by Feral Hogs

Feral hogs may be the single most destructive wild, free-ranging large animal which lives in Texas Rangelands.⁶⁵ As hogs look for food, they can damage crops, fields, livestock and wildlife feeders, and can destabilize wetlands, springs, creeks, and tanks.⁶⁶ They can damage forestry by exposing tree roots, stripping grass, and uprooting plants, making it easier for invasive plant species to flourish.⁶⁷ Their rooting and wallowing activity coupled with their attraction to water can result in muddied water, algae blooms, oxygen depletion, and threats to fish populations.⁶⁸

Feral hogs will eat almost anything, from fruit and nuts to young livestock and wildlife.⁶⁹ In one instance where hogs were feeding on a peanut crop, they caused an estimated loss of \$39,600 in production.⁷⁰ The wide range of food sources the hogs feed on means fewer sources available for native wildlife. For example, fruit and nuts are an important source of food for deer and turkey, and feral hogs compete with these populations for the resource. When hogs feed from placed feeders, they scare away other wildlife.⁷¹ When attracted to these food sources, they also damage fencing meant to contain livestock and protect livestock from predators.⁷² It is estimated that feral hogs cause \$52 million in damage annually to the agriculture industry.⁷³

There are two common diseases feral hogs can carry that could pose a threat to livestock and wildlife populations, pseudorabies and swine brucellosis. Pseudorabies is a swine herpes virus which is transmitted through respiratory secretions and affects the respiratory, nervous, and reproductive systems of the animals, and can be fatal.⁷⁴ Swine brucellosis is an infectious bacterial disease that can cause abortion, low conception, and other problems, and can be transmitted to humans.⁷⁵ These diseases can have serious economic implications for the swine industry.

Pseudorabies

Pseudorabies is an infectious, viral disease affecting the central nervous system of feral swine and it can also be found in domestic livestock, cats, and dogs.⁷⁶ It is not transferrable to humans. The disease can also be referred to as Aujeszky's disease, mad-itch, and pseudohydrophobia.⁷⁷ The disease weakens pigs, leaving them susceptible to other health issues, and causes abortions and stillbirths.⁷⁸ It can also be fatal. The disease has been eradicated in commercial swine and any reinfection due to feral hog exposure could be potentially devastating to the pork industry.⁷⁹

Infected, adult swine are carriers and periodically shed the virus through the nose and mouth. An infected pig will be a lifetime carrier of the disease and there is no treatment.⁸⁰ It can be spread by asymptomatic carriers through direct contact, aerosols, contaminated feed, water, ingestion of infected tissues, or contaminated clothing or trailers.⁸¹ It can be fatal in other livestock, such as cattle and sheep, and in wild mammals. The disease produces intense itching and can be followed by paralysis and death.⁸²

Signs of the infection vary but can include anorexia, excessive salivation, spasms, and convulsions.⁸³ Wild pigs should never be exposed to or marketed as commercial swine; blood tests should be conducted prior to transporting breeding swine; all new swine should be blood-tested, domestic and feral swine should be separated by fences; and, feral hogs should never be butchered in any area that is used for domestic swine.⁸⁴

Swine Brucellosis

Swine brucellosis is an infectious, bacterial disease that can infect both animals and humans. It primarily affects reproductive organs and can cause abortions.⁸⁵ It can be transferred by coming into contact with "infected placentas, amniotic fluids, vaginal discharges, milk, semen, reproductive tissues, and exudates from infected animals."⁸⁶ There is no cure for animals.

It is difficult to detect infected animals and usually the signs are abortion in pregnant animals or the birth of weak calves.⁸⁷ It can also cause decreased milk production, weight loss, poor conception rates, and sometimes arthritic joints.⁸⁸

Methods for Control/Eradication of Feral Hogs

Feral hogs are classified as exotic wildlife and may be taken by any means year round. However, a hunting license and/or landowner permission is required. Trapping is a common method used against feral hogs. There are currently no legal toxicants that can be used to control the feral hog population.

Hunting

There is a year round season for hogs and no bag limit. Dogs can be used to aid with hunting. Aerial hunting can also be used as an effective hunting technique in areas without

significant foliage.

Exclusion

Fences can be used to attempt to keep feral hogs away from crops or livestock. As fencing can be expensive and difficult to implement in non-flat areas, electric fences could be a cost effective technique to elude hogs. Several different electrified fence designs have shown to successfully prevent wild hogs from crossing into protected territory.⁸⁹

Trapping

From 1983-1992, cage traps accounted for about 14% of wild hogs taken by the former Texas Animal Damage Control Service. Through trapping, multiple hogs can be captured at a single time.⁹⁰

Snares

Snares comprise a loop of steel cable that is attached to a secure object and then placed in a location, such as holes under fences, to catch the animal as it passes through the area.⁹¹

Toxicants

There are currently no legal toxicants in the United States for the control of feral hogs. However, if developed, this method could be the most cost effective population control technique.⁹² It is important to consider the potential impact to wildlife and humans when considering toxicants.

Sodium nitrite appears to be a potential effective toxicant to be used against feral hogs. It causes methemoglobinemia, a swift reduction of oxygen to the brain and vital organs.⁹³ Pigs lack the necessary enzyme to reverse the toxic effects, methemoglobin reductase. It causes death within 1.5 hours in feral hogs and symptoms last around 30 minutes.⁹⁴ Australia currently employs this technique. In Australia, sodium nitrite is administered as bait designed for omnivores and is called "Hog-Gone."⁹⁵ The United States has more omnivores than Australia, and as such, would require a species-specific bait hopper to be used. As smaller pigs may be able to remove the bait from the device and leave toxic crumbs in the surrounding area, it is suggested that 70g baits be used to prevent the spread of the bait.⁹⁶

Field trials in Australia proved to be effective. In the five locations used, there was an 89%, 63%, 83%, 82%, and 68% population reduction, respectively.⁹⁷ The collateral damage was less than 1.7%, one cow and four birds lost in the removal of 300 feral hogs.⁹⁸ The half-life of nitrite plasma in rats, humans, sheep, dogs, and horses is 29-62 minutes and thus secondary poisoning risks in these populations is considered to be low. Hunters and wildlife would not be considered at risk if consuming poisoned feral pigs but scavengers may be vulnerable if consuming poisoned stomach contents.⁹⁹

Nitrite is toxic to aquatic organisms, and the potential threat to fish populations needs to

be ascertained.

The United States Department of Agriculture received a \$20 million appropriation to implement a national feral hog management program. This will include studies into the efficacy and viability of using sodium nitrite as a method of controlling the feral hog population in the United States.

The Feral Hog Grant Program

The Texas Department of Agriculture oversees the County Hog Out Management Program and the Feral Hog Abatement Grant Program.

The County Hog Out Management Program was created to encourage counties to coordinate strategies for reducing feral hogs and the damage they cause. In order to be eligible, a county must have or develop a method for tracking the number of feral hogs captured in the county during a three month period. Awarded counties will receive funds for education, coordinating trapping and hunting programs, conducting aerial gunning, and identifying and addressing public safety concerns posed by feral hogs.¹⁰⁰

The Feral Hog Abatement Grant Program provides funding to the Texas AgriLife Extension Service – Wildlife Services and the Texas Parks and Wildlife Department. It is a one-year program with a goal for a statewide long-term strategy for reducing the feral hog population.¹⁰¹

Texas A&M AgriLife Extension Service – Wildlife Services Unit Feral Hog Management Program

The Texas Department of Agriculture funded a pilot project for feral hog management from 2006-2008. Since 2006, Wildlife Services has removed 170,320 feral hogs, saving \$34,640,000 in damages.¹⁰²

The Legislature provided funding for feral hog reduction to the Texas Department of Agriculture for the 2014-2015 biennium. \$150,000 of that funding was granted to Texas A&M AgriLife Extension Services' Wildlife Services program for abatement projects from April 1, 2014 to September 30, 2014.

During this 6 month period, Wildlife Services removed 9,360 feral hogs.¹⁰³ Due to reduced federal and state base funding, Wildlife Services attributes this grant for the removal of 5,710 hogs. The total cost per hog removed was \$13.35 and cost per new hog removed was \$21.89.¹⁰⁴ The six month period of this project did not include prime flying months (January – March) when lack of leaves on vegetation increases visibility; therefore, the number of hogs removed during this period is considered remarkable by Wildlife Services.¹⁰⁵ During FY 14, Wildlife Services removed 17,255 hogs, 20,535 in FY 13, and 18,691 in FY 12.¹⁰⁶ The following tables are reproduced from testimony provided by Wildlife Services.

Table 1: Feral Hog Removal By District¹⁰⁷

District	Feral Hogs Removed
Canyon	1,701
College Station	1,923
Corpus Christi	186
Fort Stockton	891
Fort Worth	754
Kerrville	1,361
San Angelo	1,480
Uvalde	1,064
Total	9,360

Table 2: Cost Ratios¹⁰⁸

Peanut Protection	\$19.59:1
Rice Protection	\$7.50:1
Wheat Protection	\$6.20:1
Rangeland Protection	\$4.05:1 (\$0.33 per acre cost for protection)

A primary management technique employed by Wildlife Services is owner outreach as landowners bear a significant responsibility in managing feral hog damage. Funding from the Texas Department of Agriculture allowed Wildlife Services to increase awareness of projects and the need for assistance. This outreach also seeks to provide landowners with the tools and knowledge needed to continue to manage the feral hog population.

Wildlife Services provided the following list of the project's accomplishments:¹⁰⁹

- 1) **Stateline Collaboration with New Mexico:** Wildlife Services has been working with New Mexico Wildlife Services to prevent re-infestation across state lines. 236 hogs were removed from the Red Bluff Reservoir.
- 2) **Assistance with Toxicant Trials:** Wildlife Services captures hogs and provides them to the Texas Parks and Wildlife Department and the National Wildlife Research Center for trials being conducted at the Kerr Wildlife Management Area.
- 3) **Pseudorabies Suppression in the Panhandle:** 12 feral hogs were removed from Gray County and the transmission risk of the disease was decreased to 0.
- 4) **Peanut Protection:** Feral hogs frequently deplete peanut production. Removal of hogs has led to an increase in production – growers have documented a mean yield increase of 20.9% per acre. Wildlife Services used “night-vision equipped firearms to remove 144 feral hogs from the Hall County peanut project during planting stages...as fields matured Wildlife Services removed an additional 62 feral hogs from three different project fields.”
- 5) **Rangeland/Pasture and Crop Protection (5 Projects):** Feeding and rooting damage rangelands and crops. Projects were located in Dickens and Motley Counties (331 hogs removed), Nolan County (149 hogs removed), Kimble County (57 hogs removed), and Runnels County (81 hogs removed). Crop protection projects were in Williamson County (19 hogs removed), Travis County (3 large hogs removed), and

-
- Bell County (65 hogs removed).
- 6) **E.coli Protection:** Feral hogs can contaminate food crops and water. The Environmental Protection Agency has named multiple stream segments in the state that exceed the Clean Water Act standards for bacterial contamination.
 - 7) **Livestock Predation in Crockett County:** Feral hogs were killing lambs. After confirming the kills, 17 hogs were removed.
 - 8) **Endangered Species Protection:** Efforts to protect Kemp's ridley sea turtles by controlling hogs on Matagorda Island-Aransas National Wildlife Refuge. 574 feral hogs removed.
 - 9) **Camp Maxey Texas National Guard Project:** For the protection of military training facilities, rare plants, and endangered Burying Beetle, 30 hogs were removed. There were 35% fewer hogs than previously reported which indicates long term benefits of removal.
 - 10) **Camp Swift Texas National Guard Project:** Removal to protect facilities. Removal efforts over two years, most recently 45 hogs were removed which indicated a 50% reduction.
 - 11) **Rangeland, Wetland, and Rice Protection in Jefferson and Chambers County:** In response to a growing feral hog problem in these counties, Wildlife Services removed 717 feral hogs. They also conducted disease surveillance with two United States Department of Agriculture – Animal and Plant Health Inspection Service veterinarians from Mexico City. An additional 7 hogs were removed from a nearby Texas Department of Transportation facility.
 - 12) **Rangeland Protection in Rusk County:** 96 feral hogs were removed and the county saw a 59% reduction in hogs as compared to previous grant periods.
 - 13) **Statewide Disease Surveillance:** Wildlife Services participates in a national disease surveillance program managed by the National Wildlife Research Center. Wildlife Services employees collected 1,167 disease samples from feral hogs which were tested for 13 different diseases. Collections were also made for the purpose of genetic profiling.

The Texas Department of Agriculture¹¹⁰

The Texas Department of Agriculture (TDA) has worked with several agencies to research different control methods for the feral hog population. The agency has had a successful partnership with Texas A&M AgriLife Extension – Wildlife Services.

For the past four years, TDA has been researching toxicants that individual producers, including farmers, ranchers, and municipalities, could employ at the local level to control feral hogs. TDA has invested about \$244,000 over time to work with the Texas Parks and Wildlife Department (TPWD) to cultivate a sodium nitrite based bait that will be both effective and safe to use around livestock and wildlife. Another toxicant has been granted permission by the federal Environmental Protection Agency to move forward with studies and TDA will be working with the federal agency to do field testing in the Texas Panhandle. While toxicant research is in the early stages, TDA is seeing a lot of potential with the TPWD product and hopes to soon have a product that anyone can use as a ground method for feral hog abatement.

No one method will be sufficient to control the population; a combination of methods will need to be used. TDA has participated in several pilot programs and one that has shown to be potentially useful on the private sector side is trapping hogs and transporting them live to a meat processing facility. The meat can then be inspected and donated to a food bank.

The Texas Parks and Wildlife Department¹¹¹

The Texas Parks and Wildlife Department (TPWD) has been investigating possible toxicants and the safe delivery of said toxicants for feral hog control. The Department currently has a product, which is showing to be acceptable, but not optimal, at killing feral hogs. They have new formulations which they hope will improve the product. The time and effort into investigating new formulas is worth looking at prior to registering the product with the federal Environmental Protection Agency (EPA). Registering with the EPA is a lengthy process; if the current formulation is registered it would be a 3 year timeline – 16 month waiting period once the permit application has been submitted.

Sodium nitrite has already been well-researched and is already in use so it would make registration cheaper and easier. The Department currently has 3 formulations that are running at 80% mortality rates in captive trials but are working with new formulations with a goal of a 100% mortality rate. Once they choose a formulation and register it, they will move into laboratory efficacy trials. Once granted a permit by EPA, the Department will move into field testing which would take two seasons of interstate trials in Texas and other states. The Department is also working on delivery systems that are safe, effective, and target-specific. The Department estimates that we are 3-4 years away from a landowner being able to purchase a toxicant from a local store. The following table has been reproduced from written testimony provided by TPWD:

Table 3: Results from Pen Trials of 3 Toxicants (Sodium Nitrite) at Kerr Wildlife Management Area¹¹²

Bait	# Trials	N Subjects	Pigs Killed	Mortality (%)
1	3	21	17	76.1
2	7	48	39	81.3
3	3	21	17	81.0

Caldwell County Feral Hog Task Force

Provide smart traps to ranchers and landowners, contract with professional hunters, and use aerial control. Annual harvest for 2013-2013 was 6,400 hogs in Caldwell County, cost was about \$8 per hog.

Harris County Precinct 3 Program

Funded by a Coastal Impact Assistance Grant, the precinct constructed four 4-acre traps used to capture hogs to be delivered to the Houston Food Bank. The meat is first processed at a

federally certified inspection facility.¹¹³

Recommendations

No one method will be able to control the feral hog population in Texas. Hunting and trapping, while still useful, have not been able to significantly control neither the population nor the damage caused by wild pigs. The Legislature should continue to provide funding to agencies studying toxicants, a method that shows great potential to reduce the feral hog population. Further research should also be conducted into the viability of local programs trapping hogs and donating meat to food banks.

Charge # 5

Monitor the implementation of HB 3279 (83R) regarding the protection of seagrass plants.

A public hearing was held on September 24, 2014 and the following witness testified on the charge:

Witness: Robin Riechers, *Coastal Fisheries Division*
Texas Parks and Wildlife Department

The information below is based upon the oral and written testimony of the individual listed above.

Background

Seagrass is a flowering plant that has adapted to live in the ocean.¹¹⁴ Seagrass meadows play a very important role in the ecosystem of the Texas coastal environment. Seagrasses are an important food source for various marine organisms and act as a vital habitat for fishery species.¹¹⁵ They act as natural agents for stabilizing coastal erosion and sedimentation, support biodiversity, provide nursery habitat for marine organisms, are a foremost source of organic biomass for coastal food webs, and are important for maintaining water quality.¹¹⁶ Seagrass is found in shallow water due to the need for frequent exposure to light.¹¹⁷ The majority of seagrass coverage in Texas is found along the lower coast, particularly in the Aransas Bay.¹¹⁸

Seagrass meadows are critical, high quality habitats, but are fragile and easily disrupted or damaged by manmade activities, in particular propeller scarring.¹¹⁹ It can take years before the habitats can recover. Beginning in the late 1980s and into the 1990s, concern over the impact of propeller scarring increased which led to the creation of the Redfish Bay State Scientific Area in June 2000. The Texas Parks and Wildlife Department was granted the authority to regulate activities within the area to reduce propeller scarring. The Department requested that boaters and anglers who used the area recreationally voluntarily operate in a way that would protect seagrass. This measure proved to be ineffective and in 2006 a regulation was created to prohibit the uprooting of seagrass from the bay bottom. At this time, the Department also launched an extensive education and outreach effort accompanied by field studies and angler and boater surveys to gauge the effectiveness of the regulation and education efforts. One study showed there was a 45% reduction in scarring between 2006 and 2009. The Texas Parks and Wildlife Department continues studies on the area to determine the extent of the propeller scarring.

In response to the success of the Redfish Bay State Scientific Area measures, in March 2012 the Chairman of the Texas Parks and Wildlife Commission formed a Coastal User Working Group to make recommendations to protect seagrass.¹²⁰ The highest priority recommendation of this group was to develop a statewide regulation for the protection of seagrass. In the 83rd Legislative Session, House Bill 3279 was passed and created a fine for uprooting seagrass plants. The bill took effect September 1, 2013.

House Bill 3279 (83rd Legislature)

With the new statewide regulation created by HB 3279, the Department was able to greatly expand the outreach and education efforts to boaters and anglers along the entire Texas coast to increase awareness of propeller scarring. Existing boat ramp signs were updated and new signs were erected at key ramps to educate users about the regulation. The Department has expanded education efforts to include booths at boat shows, *Life's Better Outside* events, and local events, providing brochures and handouts explaining the new regulation. The Department has contributed to six articles in fishing-related magazines and facilitated seagrass programming on at least four different television programs. A full-page seagrass awareness advertisement runs in the Texas Saltwater Fishing magazine as well as one issue of the Texas Parks and Wildlife magazine.

Two billboards pertaining to seagrass have been erected in the Corpus Christi area, one

along Interstate 37 and another located near the Naval Air Station. When more space becomes available, the Coastal Conservation Association has agreed to donate up to ten additional billboards along the coast. The Department estimates that more than 8.3 million impressions have been made to the public through the various outreach efforts.

The Department plans to continue its scientific studies of the impact of propeller scarring and continue its outreach to the community to increase both awareness and protection. They have obtained aerial images of the South Bay/Mexiquita Flats in the lower Laguna Madre, and the JFK Causeway area in the upper Laguna Madre. The images will act as baseline data for comparison with the images of the Redfish Bay Area. The Department also has a contract to shoot aerial images in the Christmas Bay and West Galveston Bay when weather permits. Data is still being collected in the Redfish Bay State Scientific Area to monitor individual scar recovery times.

Charge # 6

Examine the economic impact of cultural, recreational, or tourism grants provided by the state, including any economic development grants related to cultural, recreational, or tourism industries, heritage tourism, courthouse restoration, and historic district revitalization.

Public hearings were held on September 24, 2014 and October 24, 2014 and the following witnesses testified on the charge:

- 1) Mark Wolfe, *Executive Director*
Texas Historical Commission
- 2) Matt Kreisle
Texas Historical Commission
- 3) Gary Gibbs, Ph.D., *Executive Director*
Texas Commission on the Arts
- 4) Evan Thompson, *Executive Director*
Preservation Texas
- 5) Tim Culp
Texas Independence Trail Region
- 6) Bart Wales
Texas Tropical Trail Region
- 7) Paula Hatfield
Texas Plains Trail Region
- 8) Jim Allison
County Judges and Commissioners Association of Texas
- 9) Catherine Sak, *Executive Director*
Texas Downtown Association
- 10) Beth Wiedower
National Trust for Historic Preservation
- 11) Larry Woods
Texas Travel Industry Association

A large portion of this section is based upon the oral and written testimony of the individuals listed above.

Texas Historical Commission¹²¹

The Texas Historical Commission (THC), which began as the Texas State Historical Survey Committee in 1953, has become a leader in economic development and has been nationally recognized for its successful programs. The agency administers more than two dozen programs that preserve and protect our state's most valued historic sites.

The agency not only serves to preserve Texas history, but to use the state's historical and cultural assets to strengthen and maintain local economies. Preserving and promoting history is important as it educates citizens, preserves Texas values, and increases Texas pride, but also as it supports our economic growth. The primary programs of the THC that encourage economic development are the Texas Historic Courthouse Preservation Program, the Main Street Program, the Texas Heritage Trails Program, the Texas Preservation Fund, and the Federal and new State Historic Preservation Tax Credit programs.

Heritage Tourism

Tourism has long been recognized as a potent economic engine and, in Texas, is the second largest contributor to Gross Domestic Product (\$26.8 billion in 2012).¹²² In 2013, direct travel spending amounted to \$67.5 billion, supported 599,000 jobs, and generated \$4.7 billion in local and state taxes.¹²³ In 2013, it is estimated the state received 233.5 million domestic visitors and 8.2 million international visitors. The state's various cultural and recreational sites help to attract tourism.

The National Trust for Historic Preservation defines heritage tourism as "traveling to experience the places, artifacts, and activities that authentically represent the stories and people of the past."¹²⁴ 63% of visitors to the state say they desire to travel to destinations where the historic sights and character have been maintained.¹²⁵ THC has contracted with Rutgers and the University of Texas to produce a current report on the economic impact of historic preservation. The preliminary findings of that study indicate that heritage tourism is responsible for more than 10% of total state tourism, a figure of \$6.75 billion per year. According to THC, using data from the Governor's office, heritage tourism is responsible for about 60,000 jobs. One of every 20 employees in Texas works in the travel industry.¹²⁶

The Texas Historic Courthouse Preservation Program

Texas has more historic courthouses than any other state, with more than 235 courthouses that are at least 50 years old, and 80 out of that 235 that were constructed before the beginning of the 20th century.¹²⁷ However, local entities were financially unable to provide adequate maintenance and restoration to these historic sites.

In response to this problem, then Governor George W. Bush and the Texas Legislature, through House Bill 1341, established the Texas Historic Courthouse Preservation Program in 1999. Initially, \$50 million was appropriated for the program. Since the creation of the program, the state has invested \$251.2 million in historic county courthouses. Counties have matched that

investment with more than \$175 million in construction spending, supporting approximately 10,000 jobs and generating income over \$270 million. The program has produced over \$43 million in state and local taxes. Around 150 of the 254 counties in Texas participate in the program and 65 courthouses have been fully restored. These projects attract private investment, create privately funded jobs, and enhance local property values. After the historic courthouse renovation in Wharton, property values increased 279% and vacancies declined from 70% to 30%.¹²⁸

The program has received awards and been recognized by the Texas Society of Architects and the National Trust for Historic Preservation.¹²⁹

The Texas Courthouse Stewardship program educates local entities on how to properly plan and budget for the future preservation needs of the courthouse to ensure the projects are suitably maintained.

The Texas Main Street Program

The Texas Main Street Program, part of a national program, began in 1981. It serves 87, mostly rural, communities. This program does not directly provide financial assistance, but it brings communities together with experts in organization, branding, retail, historic preservation, economic development, and design to provide communities with the necessary tools for long-term planning. Participating communities are required to track their economic development and report to the agency. Thus far, more than \$2.6 billion has been invested in Main Street districts and approximately 29,000 jobs have been created. The return on investment is \$16 dollars in private investment for every \$1 invested by the Main Street communities.

Since 1981, main street communities have seen over \$2.9 billion in reinvestment into historic downtowns and over 8,000 new businesses.

Texas Preservation Trust Fund

The fund was created by the Legislature in 1989 and is an interest-earning pool of public and private monies.¹³⁰ This fund is used to award grants for preservation projects including archeological investigations, historic building restoration, education programing, and planning projects. Since it began, over \$4.5 billion has been awarded. The projects the program funds help support heritage tourism.

Federal Rehabilitation Income Tax Credit/State Franchise Tax Credit

The federal tax credit has been in place for several decades and is worth 20% of eligible rehabilitation costs for buildings listed in the National Register of Historic Places.¹³¹ The program usually works best when accompanied by a state tax credit. In 2013, the Legislature passed House Bill 500, which created a state tax credit for certified rehabilitation of certified historic structures. The credit is worth 25% of eligible costs and the credit is applied against the state franchise tax. Combined with the federal tax credit, up to 45% of costs associated with a

rehabilitation project can be reduced. Rehabilitation projects are frequently labor intensive and create more jobs than new construction.¹³²

The Texas Heritage Trails Program

The program encourages economic development by creating a partnership between communities, heritage regions, and the state to promote Texas' historic and cultural resources.¹³³ The program is comprised of the Texas Brazos Trail Region, the Texas Forest Trail Region, the Texas Forts Trail Region, the Texas Hill Country Trail Region, the Texas Independence Trail Region, the Texas Lakes Trail Region, the Texas Mountain Trail Region, the Texas Pecos Trail Region, the Texas Plains Trail Region, and the Texas Tropical Trail Region.

The state promotes heritage regions as tourism destinations. There has been \$1.43 million in regional cash contributions, \$2.3 million in in-kind contributions, \$652,319 in partnership grants, and \$6.3 billion in 2011 for heritage traveler spending. As of 2011, 53,200 heritage tourism jobs were created.¹³⁴ The program features 10 scenic driving trails. The program received the Preserve America Presidential Award in 2005.¹³⁵

Economic Impact of Texas Historical Commission Programs

Table 1: Texas Historic Courthouse Preservation Program¹³⁶

Texas Historic Courthouse Preservation Program	Since 1999
State Investment	\$247,000,000
County Match	\$174,439,766
Jobs Supported	9,693
Income Generated	\$269,310,968
State Taxes Generated	\$22,037,507
Local Taxes Generated	\$21,517,029

Table 2: Federal Investment Tax Credit Program¹³⁷

Federal Investment Tax Credit Program	Since 1976
Rehabilitation Costs	\$1,274,623,953
Jobs Supported	29,316
Income Generated	\$814,517,846
State Taxes Generated	\$66,651,361
Local Taxes Generated	\$66,077,201

Table 3: Historic Sites Bond Program¹³⁸

Historic Sites Bond Program	Since 2008
Bond Amount	\$34,000,000
Jobs Supported	782
Income Generated	\$21,726,884
State Taxes Generated	\$1,777,894
Local Taxes Generated	\$1,735,904

Table 4: Texas Main Street Program¹³⁹

Texas Main Street Program	Since 1981
Reinvestment in Downtowns and Neighborhood Districts	\$2,648,104,606
Net Jobs Created	28,729
Net New Business	7,425
ROI of Reinvestment to City \$ Invested	16 to 1

Table 5: Texas Preservation Trust Fund Grants¹⁴⁰

Texas Preservation Trust Fund Grants	Since 1998
Funds Granted	\$4,584,028

Table 6: Certified Local Government Grants¹⁴¹

Certified Local Government Grants	Since 1986
Funds Granted	\$2,389,479

Table 7: Texas Heritage Trails Program¹⁴²

Texas Heritage Trails Program	2012
Total Direct Travel Spending	\$65,000,000,000
Heritage Traveler Spending (10%)	\$6,500,000,000
Jobs Created	56,800

Texas Commission on the Arts

The Texas Commission on the Arts (TCA) supports tourism by developing and supporting arts and cultural destinations in the state. House Bill 2208 from the 79th Legislature authorized the TCA to designate cultural districts in cities across the state. Cultural districts are

special zones that use cultural assets to encourage economic development. Districts can aid in attracting tourists, creating jobs, enhancing property value, and downtown revitalization.¹⁴³

A 2010 study, *Texas Cultural Districts Program: Indicators for Measuring Success*, classifies cultural districts as follows: a) cultural compound, b) major arts institution focused, c) arts and entertainment focused, d) downtown focused, and e) cultural production focused.¹⁴⁴ Cultural districts stimulate tourism and visitors to cultural districts to stay longer and spend more money than the area’s residents. They support jobs at local restaurants and shops.¹⁴⁵ The following table is reproduced from the aforementioned study projecting the economic impact of the newly formed cultural districts comparing data from a University of Massachusetts Dartmouth study:

Table 8: Texas Cultural District Economic Impact – First Three Years of Operation¹⁴⁶

Cultural District	3 Year Budget	Total Impact
Austin	\$2,337,700	\$7,246,870
Denison	\$105,760	\$327,856
Huntsville	\$233,200	\$722,920
Lubbock	\$315,0001	\$976,500
McAllen	\$318,600	\$987,660
San Angelo	\$232,650	\$721,215
McAllen	\$318,600	\$987,660
Winnsboro	\$58,650	\$181,815

Texas Cultural Districts Program: Indicators for Measuring Success used data from another study conducted by QBL Real Estate to demonstrate the potential impact of a cultural district on property values in the area.¹⁴⁷ The study by QBL observed property values in 23 cities over a ten year period and compared property values located near major cultural anchors to properties in the rest of the city. They divided cities into three categories: 1) those within a 0.3 mile radius of the cultural anchor (the anchor’s “retail district”), 2) those outside of the 0.3 mile radius of the cultural anchor but considered to be within the same general neighborhood market by real estate brokers (the “submarket”), and 3) those outside of these two areas but within the Metropolitan Statistical Area.¹⁴⁸ Using these categories, it was determined that properties within the retail district of these cultural anchors generated a premium of 7% to 35% over submarket values. The results also suggested that Texas cultural district properties would command a 10% to 20% premium over a larger regional market.¹⁴⁹

Table 9: Land Value Premium for Properties Near Cultural Anchors¹⁵⁰

Asset Type	Average Premium to Metro Market	Average Premium to Submarket	Observations	Average # of Metro Market Comps	Average # of Submarket Comps
Apartment	52%	21%	76	162	33
Dev Site	184%	35%	59	30	7
Hotel	38%	7%	72	25	6
Industrial	23%	10%	26	46	7
Office	0%	8%	656	90	24
Retail	47%	24%	152	83	15
Total			1,041		

Lastly, the study predicted the increase in city and county tax revenue, assuming a successfully implemented cultural district, had a 15% premium.

Table 10: Texas Cultural District Estimated Property Tax Base Increase¹⁵¹

Cultural District	Current Property Base	Projected Property Base	Net Change	Net New City & County Property Tax Revenue
Austin	\$486,175,572	\$559,101,908	\$72,926,336	\$614,331
Denison	\$22,761,464	\$26,175,684	\$3,414,220	\$37,043
Huntsville	\$46,506,564	\$53,482,549	\$6,975,985	\$68,204
Lubbock	\$0	\$0	\$0	\$0
McAllen	\$508,455,692	\$584,724,046	\$76,268,354	\$771,302
San Angelo	\$12,026,230	\$13,830,165	\$1,803,935	\$24,218
Winnsboro	\$7,339,463	\$8,440,382	\$1,100,919	\$10,294

The study also reviewed certain state programs and city initiatives to highlight strategies for the development and incentivizing of cultural districts to serve as a guide for possible outcomes of cultural districts in Texas. The document claims “the presence of the arts as well as increased foot traffic enhances property values, the profitability of the surrounding businesses, and the tax base in a virtuous cycle of investment and growth...cultural districts have also proven to be a successful strategy for strengthening community identity, which in turn drives occupancy, commerce, tourism, and jobs.”¹⁵² The study identified the following incentives used by state or local governments:¹⁵³

- 1) **Sales tax credits or exemptions for works of art produced and/or sold within the district:** The sales tax credits or exemptions are usually offered only for original,

-
- one-of-a-kind works in a limited number of mediums, such as paintings, jewelry, pottery, etc.
- 2) **Income tax credits or exemptions for artists living and working within the district**
 - 3) **Property tax credits or exemptions for qualified renovation or construction projects:** Example, use tax increment financing to encourage long-term growth in the district.
 - 4) **Preservation tax credits for historic property renovation or rehabilitation projects:** Available for both residential and commercial buildings in district.
 - 5) **Amusement and/or admission tax waivers for events and/or organizations within the district**
 - 6) **Eligibility for special funding mechanisms:** Artists and cultural organizations residing or operating within the cultural districts can be eligible for grant funding or special loans offered at below-market interest rates.

Comparison to Other State's Cultural District Programs

The study compared and reviewed the success of programs in other states. Some of these comparisons are quoted below:¹⁵⁴

- 1) **Louisiana:** The state, which created its program in 2007, expanded the eligibility for its existing historic rehabilitation tax credit and offers a sales tax exemption for works of art totally unique to the cultural district. Participating districts must report on economic benefits of the program.
- 2) **Maryland:** The state offers income tax credits and a grant. The grant has two cycles per year and offers up to 50% of funding. The state found that nonprofit arts and culture organizations generated \$10 million and supported 239 jobs. Audiences spent \$6.6 million in local businesses.¹⁵⁵
- 3) **Peekskill, New York:** The city provided both loans and grants to encourage property owners to renovate historic buildings in the downtown area. The city contracted with a private company to build an apartment co-op specifically for artists. The largest employer in the city then expanded to include itself in the art district.

Cultural districts in Texas can be used as an effective way to encourage economic development by creating development opportunities for local governments, increasing local property values, supporting local businesses, and attracting tourists. As a relatively new program, a few changes could be made to increase the competitiveness of Texas' program with other states. The study on measuring success provided several recommendations the state should consider adopting which are included at the end of this section. However, investing in the arts has shown to be effective in stimulating our economy. There are \$4.6 billion in taxable sales generated by the Arts and Culture industry per year, \$290 million in state sales tax revenue generated by the Arts and Culture industry each year, and \$150 million in local and state revenue generated by Arts and Culture tourism each year. From 2002-2012, the statewide impact of the industry on the economy increased by 12.6 percent.¹⁵⁶ Arts and Culture industry businesses employ over 110,000 workers in Texas.¹⁵⁷ It significantly supplements our tourism industry. For example, in 2010, 1.5 million people attended arts and culture events in Dallas.¹⁵⁸ According to

data from the Office of the Governor, Economic Development and Tourism, the nonprofit industry generates \$2.46 billion in tourism spending.¹⁵⁹

The TCA also administers financial assistance to local arts and culture entities to abet economic development goals.

Texas Capital Fund

The Texas Capital Fund is a grant program administered by the Texas Department of Agriculture as part of a Community Development Block Grant Program. The program aims to encourage the development of local businesses and both create and retain jobs in the areas. Funds are given to non-metropolitan areas, typically cities with a population less than 50,000 and counties with a population under 200,000.¹⁶⁰ Funds can be used for improving infrastructure, development of real estate, or for rehabilitating blighted areas. The fund includes the Downtown Revitalization Program, the Main Street Improvement Program, Infrastructure, and Real Estate Development. These programs provide rural communities the opportunity to improve their local infrastructure in areas where they seek to develop and attract business and to both support existing jobs and create new jobs. It is an excellent resource for rural areas seeking to enhance their economic development.

Recommendations

- 1) Given the success of the Texas Historical Commission's programs at revitalizing historic sites and attracting tourism, the Legislature should continue to – when needed – appropriate funds for the Texas Preservation Trust Fund so the agency can continue the grant program.
- 2) Cultural districts should be mindful when creating boundaries to include private sector businesses that have located near arts and culture sites/activities.
- 3) Cities with cultural districts should consider creating tax increment financing zones that incorporate the cultural district.
- 4) Cultural districts should send annual reports on the progress and impact of their programs to the Texas Commission on the Arts so the state may better evaluate the economic impact of the programs.
- 5) The Legislature should consider a sales tax exemption for art that is produced and sold by an artist working within the boundaries of a cultural district.

Charge #7

Conduct legislative oversight and monitoring of the agencies and programs under the committee's jurisdiction and the implementation of relevant legislation passed by the 83rd Legislature. In conducting this oversight, the committee should:

- a. consider any reforms to state agencies to make them more responsive to Texas taxpayers and citizens;*
- b. identify issues regarding the agency or its governance that may be appropriate to investigate, improve, remedy, or eliminate;*
- c. determine whether an agency is operating in a transparent and efficient manner; and*
- d. identify opportunities to streamline programs and services while maintaining the mission of the agency and its programs.*

This section is based wholly upon the written testimony submitted by the agencies below.

Texas Parks and Wildlife Department (TPWD)¹⁶¹

The Department wished to highlight three issues for the Committee: the Department's Legislative Appropriations Request and two legislative issues.

Summary of the Legislative Appropriations Request¹⁶²

Table 1: TPWD¹⁶³

Funding Request (millions)	FY 2016	FY 2017	Biennial
Total Base Request	\$298.2	\$276.8	\$575.0
Total Exceptional Item Request	\$129.5	\$72.1	\$201.6
Grand Total Request	\$427.7	\$348.9	\$776.6
Method of Finance			
General Revenue Funds	\$198.6	\$151.8	\$350.4
General Revenue Dedicated	\$170.3	\$156.7	\$327.0
Federal Funds	\$37.9	\$35.9	\$73.8
Other Funds	\$20.9	\$4.5	\$25.4
Grand Total, Method of Finance	\$427.7	\$348.9	\$776.6

Progress, Challenges, and Opportunities¹⁶⁴

The money appropriated to TPWD during the 83rd Legislative Session allowed the Department to better fund state park operations, make critical repairs, and restore the Bastrop State Park following a devastating fire in 2011. It also allowed the Department to secure transportation, equipment, and information technology resources to make the Department more efficient, sustain fish and wildlife programs, partially reinstate funding for local and community park grants, and address the escalated costs associated with data center consolidation.

The repairs and restoration of Bastrop State Park are moving along and the park was reopened to the public within months of the fire. Vital infrastructure for the park – roads, trails, bridges, etc. – has largely been repaired and hazardous dead, standing trees have been removed. Soil stabilization work has been mostly completed, but the Department still needs to prevent the introduction of any invasive plant species. They also need to observe any competition from wide scale oak regeneration that could present a challenge to the restoration of the historic loblolly pine forest. The Department is monitoring the endangered Houston Toad population and making efforts to increase the population, but success remains dependent upon natural factors such as rainfall. The recovery of the Lost Pines forest will take decades or more to complete, but the Department is happy that the park is open for the public.

As one of the 27 initial agencies required to participate in the consolidation initiative of the Department of Information Resources (House Bill 1516 of 79th Legislature), TPWD has made great strides in transformation activities related to the data consolidation effort. Transformation activities include the physical relocation of IT assets including servers and applications to data centers in Austin and San Angelo. These activities should be completed by

Fiscal Year 2015 which will allow the agency to redirect IT staff time to the other important needs of the agency.

Over the last biennium, TPWD has successfully established two new systems for selling hunting and fishing licenses as well as public hunt drawings. Gordon-Darby was selected in March 2012 to create a new license system. The new system, Texas License Connection, was launched in October 2014. The system is used to issue over 2.5 million hunting and fishing licenses per year and has generated over \$90 million in revenue. There is a new online only Public Hunt Drawing System which began accepting applications in July for 2014-2015 drawn hunts. The improvements of the new system are as follows: allowing for payment and purchase of permits online, ability to apply multiple times in the same category, and additional application time.

Although the Department has realized great successes, it still faces several challenges. Large sections of the state continue to face severe drought conditions and the state climatologist has predicted that the state could witness more frequent and persistent drought conditions in the future. Pressures from a rapidly growing population and increased competition for limited water resources could potentially impact future recreational access, fish and wildlife populations, park operations, and earned revenue potential in future years.

There is a persistent concern over the spread of aquatic invasive species. Aquatic invasive species frequently grow rapidly and displace more beneficial native species and could ultimately “limit recreational access, restrict water flow rates in canals and rivers, interfere with industrial water uses, harm fish and wildlife, and negatively impact economic growth and development.”¹⁶⁵

The rapid spread of giant salvinia (*Salvinia molesta*) in Caddo Lake and Toledo Bend Reservoir pose a significant threat to the economies, recreational opportunities, and water supplies of the surrounding communities for these lakes. Since 2009, Zebra mussels (*Dreissena polymorpha*) have spread from Lake Texoma in North Texas into multiple surrounding lakes as well as Lake Belton in Central Texas. The Department, along with river authorities and other water managers, is seriously concerned that the mussels could eventually spread to the Red River, Brazos, Trinity River, and other important watersheds. If such an infestation were to occur, the state would experience major economic stress. TPWD has launched a statewide educational campaign to encourage boaters to “Clean, Drain, and Dry” their boats after removal from any body of water in response to these concerns.

As mentioned in the section on Charge #1, the Department faces the challenges of an antiquated and deteriorating infrastructure in state parks. The majority of state park facilities were constructed either in the 1930s and 1940s or 1970s and 1980s. Operating with limited funding for the repair, maintenance, and restoration of these facilities, the system has amassed millions of dollars of capital needs the state must address in order to preserve these naturally, culturally, and economically important assets.

The overall increase in concerns over border security has created a demand for a larger TPWD game warden presence and involvement along the Texas-Mexico border. The federal and state restrictions on use of proceeds from the sale of hunting and fishing licenses would require

other state resources to fund the Department's participation in the state's border security activities. During the 2014-2015 biennium, the Operator and Chauffer's Account, one source used for funding security efforts, had insufficient cash to support appropriations to the various state agencies involved. For TPWD, there was a total shortfall of \$1.65 million. The Department was able to reallocate operational funding and shift funding away from other programs; however, this is neither a long-term nor optimal solution. TPWD is an integral part of Operation Strong Safety and it has put significant financial pressure on the agency. Additional funding is required to ensure game warden participation in border security efforts as well as to ensure the agency's ability to respond to any future emergency needs.

The Department of Information Resources commissioned Gartner Incorporated to create a comprehensive roadmap of the best security practices for enhancing agency information technology security. The plan called for the agency to adopt measures to address gaps in TPWD's current security program. In order to incorporate these improvements, the Department will need additional investments in staff, software, and services as well as funding to address legacy infrastructure and systems.

The changing demographics of the state have presented the Department with opportunities to engage with historically underrepresented portions of the Department's customer base. The Department will need to update its communication efforts, outreach, and programs to make them more culturally relevant and to include the target audience. The Department recognizes that its workforce is not entirely reflective of the communities it serves. In response, the agency has begun a series of outreach and program efforts meant to reach more diverse populations. The Department has also created a new Office of Diversity and Inclusion and has hired a new Chief Diversity Officer to assist with the efforts.

Exceptional Items¹⁶⁶

The Land and Water Resources Conservation and Recreation Plan (Land and Water Plan) guides the Department's operational and conservational activities as well as provides for outdoor recreational opportunities. In order to ensure that the agency is focusing on the highest priority goals and objectives, the plan is regularly updated. It also includes specific actions which are reported to the Texas Parks and Wildlife Commission for monitoring the agency's progress towards the attainment of conservation and recreation priorities.

There are four main goals of the plan: 1) practice, encourage, and enable science-based stewardship of natural and cultural resources; 2) increase access to and participation in the outdoors; 3) educate, inform, and engage Texas citizens in support of conservation and recreation; and, 4) employ efficient, sustainable, and sound business practices.

The exceptional items listed below are intended to address the aforementioned issues as well the primary goals of the Land and Water Plan:¹⁶⁷

1) **State Parks Operation and Development:**

	FY 2016	FY 2017	Biennial
State Parks Operation and Development	\$14.5	\$10.8	\$25.3
Sporting Goods Sales Tax	\$2.3	\$2.3	\$4.6
GR-Dedicated-Account 64	\$12.2	\$8.5	\$20.7
FTEs	39.0	39.0	

- I. **State Park Staffing and Operations:** a total of \$8.3 million/12 FTEs for important staff resources to service new and existing facilities, manage and keep-up sites, and provide for essential operating and cyclical maintenance costs.
 - II. **State Parks Law Enforcement Restructuring:** a total of \$3 million to help address critical restructuring needs for statewide park police operations and personnel. Funds will be used to pay for 27 additional state parks law enforcement personnel and associated operations costs, capital equipment, IT and transportation needs.
 - III. **State Parks Law Enforcement Compensation Equity:** total of \$3.1 million for a compensation package for state park law enforcement to address longstanding equity, recruitment, and retention challenges in the statewide force.
 - IV. **Minor Repairs:** a total of \$2.5 million for pre-emptive repairs and maintenance to state parks.
 - V. **State Park Vehicle Replacement:** \$2.0 million for replacement of aging state park vehicles. 60% of the current State Park fleet is eligible for replacement by State standards.
 - VI. **State Park Business System:** a total of \$1.5 million to address the funding needs associated with the park reservation, visitation, and revenue system. The current contract expires on December 31, 2016. Funding is needed to address functional enhancements, anticipated increases in the monthly/annual costs of a new contract, statewide training on the new system, and hardware replacement.
 - VII. **Development of Palo Pinto Mountains State Park:** total of \$2.7 million in remaining proceeds from the sale of the Eagle Mountain Lake property to initiate the design and engineering phase for development of new park site.
- 2) **Law Enforcement Funding:**

	FY 2016	FY 2017	Biennial
Law Enforcement Funding	\$9.6	\$7.8	\$17.4
General Revenue	\$9.6	\$7.8	\$17.4

- I. **Homeland Security & Border Initiatives:** total of \$3.7 million is requested to fund border security obligations and emergency response during emergency situations, such as hurricanes, tornadoes, or other catastrophic events. This request will fund overtime and operational costs, maintenance and repairs to equipment during deployment, and address radio communication interoperability for increased patrol and investigative capacity along the border.
- II. **Operator and Chauffer's Account Shortfall:** total of \$1.7 million is requested to address the cash shortfall in this fund and provide funding for the 15 game wardens dedicated to serve along the border historically funded from this source.
- III. **Game Warden Operations & Equipment:** total of \$12.0 million to support game warden operations (\$8.6 million) and to maintain a replacement schedule for equipment and unsafe vehicles and boats used for law enforcement patrol, search and rescue efforts, and emergency response (\$3.4 million). Under federal requirements, use of hunting and fishing revenues deposited to the Game, Fish, and Water Safety Account (009) is restricted to the management of fish and wildlife resources of the state. Other uses of hunter and angler fees are considered to be a diversion of license fees and would jeopardize the state's annual federal apportionments of Sportfish Restoration and Wildlife Restoration funds used to support department programs and activities. For these reasons, General Revenue is the requested source of funding for the items included in this exceptional request.

3) **Fish and Wildlife Initiatives:**

	FY 2016	FY 2017	Biennial
Fish and Wildlife Initiatives	\$9.7	\$9.3	\$19.0
General Revenue	\$9.0	\$9.0	\$18.0
GR-Dedicated-Account 9	\$0.7	\$0.3	\$1.0
FTEs	9.0	9.0	

- I. **Aquatic Invasive Species:** \$18 million/5 FTEs to address fresh and saltwater aquatic invasive species, which have generated mounting threats to Texas waters and regional economies in recent years. Funding would provide the Department with resources to focus on control and management of invasive species through use of management and control options; to provide education/outreach activities to the public; and to fund associated capital transportation needs.
- II. **Coast-wide Habitat Monitoring Program:** \$598,848/4 FTEs to initiate a routine coast-wide habitat monitoring program as a component of the existing fisheries dependent/independent long-term monitoring program. This will provide the agency with resources to monitor key habitats, flora and fauna, water quality and water quantity parameters, and to record and assess natural and man-made changes and long-term impacts on natural resources.

III. **Oyster Shell Recovery and Replacement Program:** \$325,305 for oyster reef enhancement. These funds will expand on-going habitat restoration/enhancement efforts.

4) **Agency Modernization:**

To ensure continued effectiveness in achieving TPWD’s core goals/mission, public safety at TPWD sites, and adequate care of state assets, this exceptional item would provide \$82.4 million and 18 FTEs over the biennium for TPWD to modernize key aspects of TPWD operations and capital assets, including:

	FY 2016	FY 2017	Biennial
Agency Modernization	\$45.2	\$37.2	\$82.4
General Revenue	\$17.0	\$14.2	\$31.2
GR-Dedicated-Account 9	\$8.9	-	\$8.9
FTEs	18.0	18.0	

I. **Information Technology Infrastructure:** total of \$3.3 million/6 FTEs for security and technical staff and associated equipment, and upgrades to legacy communication systems and equipment.

II. **IT Business Initiatives:** total of \$2.0 million/4 FTEs for updates and additional functionality for various agency applications and to fund increases in data center services costs (DCS) for new and upgraded initiatives. A total of \$490k is requested to address unique application development for several business initiatives. The DCS request of \$1.5 million provides funds for disaster recovery to ensure continuity of critical business systems; keeping agency software licenses up-to-date, and for mitigating the risk of outages for online services used by customers.

III. **Capital Construction Projects and Modernization:** this would include \$76.6 million for:

- i. Capital construction projects: \$75.0 million to address critical statewide capital construction and repair needs to address severely deteriorated water and wastewater systems, restrooms, public buildings, and other facilities.
- ii. Planning & Design Staff: \$820k/5 FTEs to provide for much needed Planning & Design Architects & Engineers, as well as accompanying operating costs.
- iii. Construction management system: \$750k for a comprehensive Capital Construction Management System to integrate construction related business processes, monitor, and track project progression and project deliverables.

IV. **Communications:** \$520k/3 FTEs for web and mobile application development. This business request would provide staffing to address contemporary customer demands and expectations in terms of web-enabled services for mobile devices, thus modernizing product and service delivery methods. Funding for mobile application development would support the

purchase of an IT contracted produce/service to allow TPWD to reach out more efficiently and effectively to a customer base that seeks information in digital, mobile forms.

- 5) **Local Parks Grant Program Funding:** local parks provide invaluable outdoor recreational and educational opportunities for communities around the state and help contribute to the physical, social, and mental well-being of its residents. They also offer positive and demonstrable economic impacts to communities. This exceptional item requests \$14.1 million in Sporting Goods Sales Tax (SGST) to support the outdoor/indoor recreational needs of local governments. In combination with amounts already in the base, this would provide SGST funding at historic funding levels (\$31 million over the biennium) for local park grants in the 2016-2017 biennium.

	FY 2016	FY 2017	Biennial
Local Parks Grant Program Funding	\$7.0	\$7.0	\$14.0
Sporting Goods Sales Tax – 467	\$4.2	\$4.2	\$8.4
Sporting Goods Sales Tax - 5150	\$2.8	\$2.8	\$5.6

- 6) **Battleship TEXAS:** the 80th Legislature authorized \$25 million from General Obligation bonds and \$4 million in Appropriated Receipts for the repair of Battleship TEXAS, contingent upon the completion of an initial naval engineering assessment of the ship. A structural assessment undertaken by TPWD in 2011 revealed that Battleship TEXAS was in much worse structural condition than previously suspected and that it would cost more than anticipated to execute the most critical repairs to the ship. Those repairs were deemed critical to the ship’s survival regardless of whether the ship was ever placed into a permanent dry berth. In 2012, the LBB authorized TPWD to utilize the remaining bond proceeds from the dry berth project to make those “critical repairs that would best preserve the life of the ship,” and TPWD prepared a bid package to include those repairs. TPWD has expended or encumbered \$25 million in construction contracts towards those critical structural repairs, but because of the larger than anticipated scope, only a portion of the repairs have been completed. This item requests \$25 million to complete the balance of the known critical repair items originally issued for bid in 2012 necessary to preserve this state historic treasure.

	FY 2016	FY 2017	Biennial
Battleship TEXAS	\$25.0	-	\$25.0
General Revenue	\$25.0	-	\$25.0

- 7) **Outdoor/Nature Tourism and Recreation:** This exceptional item would provide \$18.5 million for two improvement projects benefiting outdoor/nature tourism and recreation at locations across the state, as listed below:
- I. Visitor’s Center at Franklin Mountains State Park: total of \$3.5 million to develop and construct a Visitor’s Center at Franklin Mountains State Park, the country’s largest urban state park. The proposed 7,770 square foot center

would include a viewing gallery, interpretive exhibit area, restrooms, gift shop, classroom, storage, and space for TPWD administrative offices.

- II. Texas State Aquarium at Corpus Christi: a total of \$15 million of funding for the Texas State Aquarium for capital improvement projects.

	FY 2016	FY 2017	Biennial
Outdoor/Nature Tourism and Recreation	\$18.5	-	\$18.5
General Revenue	\$18.5	-	\$18.5

Summary of Legislative Issues¹⁶⁸

- 1) **Volunteer Liability:** The Department seeks ways to take full advantage of volunteer services; TPWD has a diversified volunteer force which includes persons with useful skills and experience. But due to concerns about liability protection, the Department does not usually authorize its volunteers to operate department vehicles. During the 83rd Legislative Session, Chairman Guillen of the House Committee on Culture, Recreation, & Tourism filed House Bill 332 to address this issue, but the measure failed to pass in the Senate. The Department hopes to continue to address this issue in the upcoming 84th Legislative Session.
- 2) **Research, Development, and Commercialization of Intellectual Property (IP):** TPWD staff conducts research on various topics and issues related to the Department’s mission. Legislation could help solidify TPWD’s ability to develop, protect, and commercialize intellectual property developed as a result of said research. Currently, the Department is researching the development of a toxicant to be used against feral hogs. If successful, the toxicant would benefit the state and could be commercialized.

Texas State Library & Archives Commission¹⁶⁹

The Texas State Library & Archives Commission wished to address the Legislative Appropriations Request submitted by the agency and how these requests will make the agency more efficient.¹⁷⁰

- 1) **Preservation and accessibility of Texas government records in electronic format:**
 - a. \$900,000 to create the Texas Digital Archive to preserve government records in electronic format
 - b. Currently, these materials are not accessible and the storage and management of the records is resulting in unnecessary costs.
 - c. The funds would allow for staffing necessary to start digitizing the records of a few agencies beginning in 2016
- 2) **Shared digital content:**
 - a. \$6.4 million – to be supplemented with \$1.1 million in federal funds and user fees – to expand TexShare and TexQuest database programs.

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- b. These programs are the future of information access.
 - c. There are over 100 million logins to TexShare each year and more than 50 million items downloaded.
 - d. The funds will be used to strengthen digital content to support education, workforce, and economic development needs.
- 3) **Recruiting and retaining a workforce to deliver mandated agency services:**
- a. The agency faces a persistent challenge to recruit and retain staff
 - b. \$900k for adjustments for mission-critical staff; below mid-point ranges as well as SAO market comparison for every targeted position
 - c. Funding would raise salaries to mid-point of the range
- 4) **Support for State and Local Records Managers:**
- a. \$400,000 for two additional government information analyst positions to assist state and local officials in management and preservation of government records
 - b. The agency is in charge of providing records management guidance, training, and technical support to 157 state agencies and over 10,000 units of local government.
- 5) **Participation in the Comptroller of Public Accounts CAPPs financial system:**
- a. \$500,000 to implement the Comptroller's CAPPs system
 - b. Funding would support the staff needed to make the transition
- 6) **Libraries in support of sustainable communities through workforce and economic development:**
- a. \$550,000 to provide training and technical assistance to local library staffs for the development of programs to support workforce development
 - b. Supplemented by \$300k in federal funding
 - c. Libraries help support employment readiness and job-seeking
 - d. Would help provide training and technical assistance to public, school, and academic library staff to develop library programs and services to support workforce development and strengthen local economies
 - e. Libraries such as the Wofforth Public Library, Fort Worth Public Library, Houston Public, and the Starr County Library in Rio Grande City are good examples of how libraries play a role in helping Texans find jobs or get better jobs

Major Activities of the Agency¹⁷¹

- 1) **Governor Perry's papers and progress toward digital archiving:** In February 2014, Governor Perry told the agency he would be transferring his records to the agency at the end of his term, including over 10 terabytes of data in electronic format. The Governor's office will provide resources for purchasing the necessary software for the digital archive. The agency believes that come January they will have the software in place and will be ready to receive the documents. The agency also expects to receive records from Lt. Gov. David Dewhurst. The agency has hired an electronic records specialist and ten of the agency's current archivists have earned a Digital Archiving Specialist certificate.

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- 2) **Talking Book Program focus area:** The staff works to move materials to digital formats, maintain an outstanding recording program, and to recruit new customers. In 2014, Texas became the first state to upload a locally recorded title to the national database of downloadable titles. The agency is currently in the process of acquiring a new software system for the program. The Department of Information Resources has required the agency to modernize its legacy systems. The completion of this project is expected to take around two years.
 - 3) **State and Local Records Management:** The staff of the State Records Center has managed to microfilm records for Williamson County, the first major imaging project for a local government. Staff in the records center also began digitizing records from the Governor's office. Government information analysts in the State Records Center are working with state and local agencies to establish rules for records management. New software, which will provide all areas with better functionality, will be in operation by early next year.
 - 4) **Focus areas in Library Development and Networking and the Launch of TexQuest, shared digital access for K-12 students:** The Library Development and Networking Division (LDN) staff works to enable public, academic, and school libraries to better serve customers. The work of this division will focus on including shared digital content through TexShare, technology capacity building for local libraries, resource sharing, and community engagement and workforce development. TexQuest, thanks to funding by the Legislature, launched this past summer (2014) and districts representing more than 50% of all K-12 students have committed to participate at a rate of \$0.22 per student.
 - 5) **Approval of waiver of MOE for federal funds:** the Institute of Museum and Library Services has approved the agency's request for two waivers of the maintenance of effort requirement to qualify for federal funds. The agency receives about \$10 million in federal fund from the Library Services and Technology Act which accounts for about 38% of the agency's budget.
 - 6) **William B. Travis letter on display:** The agency is in possession of the "Victory or Death" letter written by William B. Travis while the Alamo was under siege. The letter will be on display in the coming year at the Zavala building. On January 27, the agency will hold a special event for legislators to view the artifact.

Exceptional Item Requests¹⁷²

- 1) **Texas Digital Archive**
 - a. \$900,000 to electronically create a centralized collection of state government archives
 - b. Return on Investment: estimated at \$5 million per year when all agencies are transferring their record to the digital archive. Additional savings in staff time are expected. The value of government transparency and access to vital state information is incalculable.
- 2) **Shared Digital Content**
 - a. \$6.4 million in GR funding
 - b. Return on Investment: calculated at 8-to-1 but could be closer to 10-to-1
- 3) **Targeted Salary Adjustments**

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- a. \$900,000 for compensation deficiencies and to allow the agency to better recruit and retain qualified staff
 - b. Would bring salaries to mid-point of range
 - c. Return on Investment: Incalculable but the agency needs qualified staff to carry out its goals and provide an invaluable resource to Texas taxpayers
- 4) **Support for State and Local Records Managers**
- a. \$400,000 for two additional government information analyst positions
 - b. Return on Investment: each analyst saves the state and local agencies approximately \$120,000 in training and consultation costs each year but actual ROI is incalculable
- 5) **Implementing CAPPs**
- a. \$500,000 to support the implementation of the Financial and Human Resource modules of CAPPs
 - b. Return on Investment: will allow the agency to standardize procedures and make the use of agency staff more efficient; better manage contracts with SRC customers and monitor estimate revenue streams during the fiscal year
- 6) **Libraries Supporting Workforce Development**
- a. \$550,000 in GR funding to assist libraries with workforce and economic development
 - b. Return on Investment: a UT Bureau of Business Research study (2011) states that public libraries return \$4.42 in value for every dollar invested.

Texas State Cemetery Committee¹⁷³

In December 1851, following the death of the President Pro Tem of the Texas Senate, the Legislature created a state burying ground for notable Texans recognizing their sacrifices and contributions to the state. The primary mission of the committee is to operate the state cemetery and to commemorate notable Texans who have significantly contributed to the history and development of the state. The committee does this by providing a burial space for eligible Texans and their spouses, by preserving the cultural significance of the cemetery through interpretive programs, exhibitions, historical research, and by maintaining the grounds.

Committee Organization¹⁷⁴

The staff includes a Superintendent, Office Manager, Director of Research, Senior Historian, and five members of the Grounds Crew divided into three different departments: Administration, Research, and Grounds. The grounds crew is responsible for maintaining the landscape. The administrative staff is responsible for the day-to-day operations and the research staff is charged with maintaining the history of the cemetery through records, research, and contact with plot holders and their descendants. The research staff also conducts tours for 15,000-20,000 school children and adults each year as well as coordinates the funerals, ceremonies, and other special events.

Projects and Issues¹⁷⁵

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- 1) **Security and Lighting (\$50,000):** two security lights were added during Fiscal Year 2014. A security camera was installed on a light pole resulting in a reduction of vandalism and trespassing incidents.
 - 2) **Monument Cleaning and Restoration (\$50,000):** The cemetery worked with a professional conservator to preserve the Albert Sidney Johnston monument and construct a new vitrine protection for the sculpture. During Fiscal Year 2015, the Cemetery will do this again to clean the bronze sculptures of historical figures including Stephen F. Austin, Joanna Troutman, and John Wharton.
 - 3) **45th Street/Bull Creek Property:** The 83rd Legislature authorized the committee to remove the “cemetery purposes” designation from the property if certain guidelines were met by December 31, 2014. The committee has worked with neighborhood associations and the Texas Department of Transportation to remove the “cemetery purposes” designation to allow for private development of the property.

Appendix A

Table 1: TMIIP Economic Impacts, 2007-2010¹⁷⁶

Table 1		2007	2008	2009	2010	Total
Incentives (\$)	Spent or Encumbered	3,283,457	5,331,445	18,098,435	31,409,748	58,123,085
Total Output (\$) Moving Image Production	Direct Output	62,702,135	105,298,952	161,958,135	268,317,605	598,276,828
	Indirect Output	64,667,767	91,566,993	141,773,458	191,406,380	489,414,598
	Total Output	127,369,902	196,865,946	303,731,593	459,723,985	1,087,691,425
Total Employment (FTE)	Direct Employment	1,301	1,139	1,863	2,216	6,519
	Indirect Employment	537	736	1,116	1,475	3,864
	Total Employment	1,838	1,875	2,978	3,691	10,383
	Average Total Annual Employment					2,596
Total Earnings (\$)	Direct Earnings	38,006,410	46,001,761	72,314,566	80,063,982	236,386,719
	Indirect Earnings	18,077,738	25,331,324	38,749,352	52,304,346	134,462,761
	Total Earnings	56,084,148	71,333,086	111,063,919	132,368,328	370,849,480
Taxes (\$) State & Local	Total Taxes	5,172,682	7,420,883	11,415,693	15,976,038	39,985,296

Appendix B

Table 2: TMIIP Economic Impacts, 2007-2011¹⁷⁷

Table 2		2007	2008	2009	2010	2011	Total
Incentives (\$)	Spent or Encumbered	3,283,457	5,331,445	18,098,435	31,409,748	21,876,915	58,123,085
Total Output (\$) Moving Image Production	Direct Output	62,702,135	105,298,952	161,958,135	268,317,605	186,883,432	785,160,260
	Indirect Output	64,667,767	91,566,993	141,773,458	191,406,380	131,987,807	621,402,405
	Total Output	127,369,902	196,865,946	303,731,593	459,723,985	318,871,239	1,406,562,664
Total Employment (FTE)	Direct Employment	1,301	1,139	1,863	2,216	1,543	8,062
	Indirect Employment	537	736	1,116	1,475	994	4,858
	Total Employment Average Total Annual Employment	1,838	1,875	2,978	3,691	2,537	12,920 2,584
Total Earnings (\$)	Direct Earnings	38,006,410	46,001,761	72,314,566	80,063,982	55,764,629	292,151,348
	Indirect Earnings	18,077,738	25,331,324	38,749,352	52,304,346	35,962,778	170,425,539
	Total Earnings	56,084,148	71,333,086	111,063,919	132,368,328	91,727,407	462,576,887
Taxes (\$) State & Local	Total Taxes	5,172,682	7,420,883	11,415,693	15,976,038	11,139,999	51,125,295

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