



INTERIM REPORT

to the 85th Texas Legislature



HOUSE COMMITTEE ON
CULTURE, RECREATION & TOURISM



JANUARY 2017

**HOUSE COMMITTEE ON CULTURE, RECREATION, & TOURISM
TEXAS HOUSE OF REPRESENTATIVES
INTERIM REPORT 2016**

**A REPORT TO THE
HOUSE OF REPRESENTATIVES
85TH TEXAS LEGISLATURE**

**RYAN GUILLEN
CHAIRMAN**

**COMMITTEE CLERK
BEN WRIGHT**



Committee On
Culture, Recreation, & Tourism

January 4, 2017

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-fourth Legislature hereby submits its interim report including recommendations and drafted legislation for consideration by the Eighty-fifth Legislature.

Respectfully submitted,

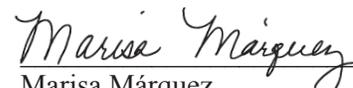

Ryan Guillen

Dawanna Dukes, Vice Chair


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Members: John Frullo, Lyle Larson, Marisa Márquez, Andrew Murr, Wayne Smith

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INTRODUCTION

At the beginning of the 84th 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; John Frullo, Lyle Larson, Marisa Márquez, Andrew Murr, and Wayne Smith.

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

CULTURE, RECREATION, & TOURISM

INTERIM STUDY CHARGES

- Charge 1 Monitor the repair of state parks from damage caused by natural disasters, including flooding and wildfires. Review the status of securing federal relief funds to offset state costs. Study current programs in Texas, as well as programs in other states, to determine how to mitigate and prepare for potential future hazards in the wildland-urban interface.
- Charge 2 Study and make recommendations regarding the improvement and expansion of the state parks system, pursuant to the passage of HB 158 (84R). Examine options such as conservation easements that can maintain private ownership and working lands while also preserving open space.
- Charge 3 Study and make recommendations regarding decreasing illegal behavior, improving public safety, protecting private property rights, and protecting environmental quality on the San Marcos River.
- Charge 4 Explore ways to promote and improve tourism, youth education and economic development through heritage, cultural, recreational, historical, and nature programs and preservation practices. Consider the long-term economic impact of state parks and state and local historic sites, the Texas Heritage Trails Program, the Alamo Mission Complex, and rural community revitalization in promoting recreation and heritage tourism.
- Charge 5 Conduct legislative oversight and monitoring of the agencies and programs under the committee's jurisdiction and the implementation of relevant legislation passed by the 84th 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

Monitor the repair of state parks from damage caused by natural disasters, including flooding and wildfires. Review the status of securing federal relief funds to offset state costs. Study current programs in Texas, as well as programs in other states, to determine how to mitigate and prepare for potential future hazards in the wildland-urban interface.

A public hearing was held on January 26, 2016 and the following witnesses testified on the charge:

- 1) Brent Leisure, Director, State Parks Division
Texas Parks and Wildlife Department
- 2) Jessica Davisson, Director, Infrastructure Division
Texas Parks and Wildlife Department

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

Background

Damage to State Parks

As with other areas of the state, Texas State Parks are heavily impacted by natural disasters, such as floods and wildfires, which often cause significant damages to facilities and equipment owned and operated by the Texas Parks and Wildlife Department (TPWD). Since June 2008, state parks have been impacted by 177 wildfires at 136 sites. The May and June floods of 2015 impacted 58 of the 95 state parks, resulting in damages estimated at over \$30 million.

In addition to the damages caused to infrastructure and facilities, disasters often prompt a necessary closing of the parks for repairs. In 2015, such closures resulted in revenue losses of more than \$2 million. Even following the reopening of the park, damages and perceived poor conditions can drive revenues down further. This is detrimental to TPWD, as park revenue represents approximately one-half of the park system's operating budget.

Disaster Relief Process

Following a natural disaster, state agencies, such as TPWD, can apply to the federal government for funding reimbursement associated with counteract damages. The Federal Emergency Management Agency's (FEMA) Public Assistance Program is the primary source of disaster relief funding for states. The agency provides assistance for debris removal, implementation of emergency protective measures, and permanent restoration of infrastructure. The federal government typically funds up to 75 percent of costs, with the state making up the remaining 25 percent. However, the process for receiving assistance from FEMA can take several months, and sometimes years.

Findings

Status of Securing Federal Funds

Securing federal funds is a complicated process with many steps and no standard timeline for disbursement of funds. As evidenced in Figure 1 (below), federal funds awarded rarely, if ever, match the original request made by the department. This is because the calculation of costs is adjusted throughout the process and FEMA can choose to approve more or less than the amount requested. Even after this process, funds can take a long time to arrive at the department.

Costs are adjusted on an ongoing basis because the awarded amount will change if estimated repair costs change. These estimates change due to many factors. For example, extra insurance proceeds collected can decrease the estimated cost. Debris that can be salvaged or sold will also decrease the repair cost. After the request is made, FEMA then reviews the eligibility of the requests and adjusts the awarded amount.

Once the request is approved and the final total set, funds can take a long time to actually arrive at the department. Figure 1 summarizes the Major Disaster Declarations made between 2011 and August of 2016. As the awarded amounts below are only current as of August 2016, they may not represent current awarded amounts. TPWD is still in the process of sending requests to FEMA for disasters during this timeframe. The incidents below are a snapshot of disasters between 2011 and 2016.

Event	Timeframe	Project Worksheet Amount Requested	Approved Project Worksheet Amount	Federal Share Awarded*
Fires at Davis Mountains State Park, Indian Lodge, and Possum Kingdom State Park (DR-1999)	Summer 2011	N/A	\$534,300	\$399,268
Bastrop County complex fire management assistance grant (FM-2958)	October 2011	N/A	\$168,940	\$126,705
Bastrop fire (DR-4029)	2011	\$1,306,206	\$1,806,641	\$1,349,338
2013 floods (DR-4159)	October 2013	\$1,803,186	\$1,650,679	\$132,669
2015 floods (DR-4223)	May 2015	\$1,087,205	\$697,431	\$523,073
Fall floods (DR-4245)	October 2015	\$17,330	\$17,330	\$12,998
Winter storms (DR-4255)	2016	\$6,710	\$6,710	\$5,033
March flood (DR-4266)	March 2016	\$281,043	\$281,043	\$210,782

Source: Texas Parks and Wildlife Department. Table prepared by the Texas Legislative Council.

Disaster Mitigation and Preparation Programs

One of the best methods for reducing the expense of natural disasters is mitigating the damages through efficient and thorough preparation. While natural disasters cannot be prevented or

predicted, they can be prepared for. In the last few years, significant efforts have been made to increase mitigation for wildfires, one of the prime dangers to State Parks. Current plans include fuel mitigation, mapped vegetation communities, partnerships with other agencies, training exchanges, and availability of suppression equipment. In addition, prescribed burns help to reduce fuel loads in parks significantly, and are generally regarded as good for the forests involved.

Since 2010 and as of January 2016, State Parks have implemented 183 prescribed burns covering over 40,000 acres. While more can be done to improve wildfire mitigation procedures, a focus should be placed on developing procedures for other natural disasters, especially flooding.

Texas suffers approximately 400 floods annually, more than double the average of the second-highest state.¹ Depending on the location and time of year, floods can also cause significant damage. While floods can often happen suddenly and violently, steps can be taken to mitigate the damage.

Texas

As a home-rule state, Texas must rely on grant allocation and management of funds, outreach and education programs, and state wide or regional incentives to mitigate disasters such as wildfires and floods.

Wildfire Mitigation and Preparation:

The Texas A&M Forest Service (TFS) shoulders the burden of much of Texas' wildfire mitigation and preparation programs under the Texas Hazard Mitigation Plan.² TFS:

- Implements Wildland-Urban Interface summits that teach elected officials and disaster management and mitigation personnel about developing wildfire mitigation projects
- Travels around the state demonstrating fire safety for homes and properties and maintains a website with similar information
- Employs staff charged with predicting wildfire occurrence and behavior for a given location and disseminating relevant materials such as burn ban recommendations to elected officials and the public
- Works with communities to develop a Community Wildfire Protection Plan (CWPP) which grants them priority to federal funds to reduce fuel load
- Assists communities in developing Firewise Communities, a similar and complementary program
- Sponsors wildland firefighting training academies

Flood and Coastal Erosion Mitigation and Preparation:

Three grant programs assist flood mitigation in Texas through the plan:

- Flood Protection Planning: provides financial assistance to political subdivisions to conduct feasibility studies for a watershed to evaluate solutions to flood hazards³
- The Flood Mitigation Assistance: under the FEMA Hazard Mitigation Assistance Grant Program, provides federal funds to the state and communities for cost-effective

measures to reduce the long-term risk of flood damage to structures insurable under the National Flood Insurance Program (NFIP)⁴

- The Severe Repetitive Loss: similar program to Flood Mitigation Assistance except it is available to severe repetitive loss residential structures insurable under NFIP⁵

The plan also encourages local communities to enforce above minimum floodplain compliance, and the continued outreach of the "Turn Around Don't Drown" campaign.

The General Land Office (GLO) has identified coastal erosion as a threat to Texas' communities and infrastructure along the coast due to its relationship with flooding. There are a number of programs in place to mitigate coastal erosion:

- The GLO conducts awareness campaigns about the flooding dangers of coastal erosion
- The Hazard Mitigation Plan recommends the development of planning committees to work towards long-term planning on a regional scale
- Texas A&M conducts workshops promoting the Texas Sustainable Coast Initiative's Vulnerability Atlas and the study of local mitigation action plans along the coast, both funded by the Texas Coastal Management Program
- Dune restoration projects: in which the GLO also acquires structures seaward of the line of vegetation to protect property and critical infrastructure
- The Coastal Community Resilience program is a partnership between GLO, Gulf of Mexico Alliance and others to provide tools to coastal communities to increase awareness of risks and impacts of coastal hazards and climate change
- The Alliance assesses the risks of coastal hazards to the coast and increase infrastructure to better quantify these risks in the future

Other States

Each state faces a different threat level from the various natural disasters due to geography and weather, but through a careful comparison of states⁶ similar to Texas in key risk factors, we can determine improved ways of handling disaster mitigation and preparation in Texas.

Wildfire Mitigation and Preparation:

Similarities: Many states, including all of the states studied alongside Texas in the TLC report:

- Promote Firewise and/or CWPP or some program substantively similar
- Promote some program to reduce fuel for wildfires
- Run awareness campaigns

Notable Differences:

- Colorado has an umbrella program called Fire Adapted Communities that aims to coordinate the fire safety messages and actions of the state
- Arizona adds fire-resistant materials as part of building code
- Colorado utilizes the pre-disaster management grant program to provide funding on a competitive basis for mitigation plans and projects including studies, construction, wildfire mitigation, and property acquisition

Flood and Coastal Erosion Mitigation and Preparation:

Similarities: Some of Texas' flood and coastal erosion mitigation and preparation measures are shared across many states. Nearly all states encourage above minimum floodplain compliance, encourage localities to improve their flood readiness, and identify the vulnerabilities, risks, and costs of flooding and erosion.

- Washington also has a program to acquire structures that disrupt floodplain improvement projects
- Most other states make use of grants and public awareness campaigns to improve mitigation as well
- New Mexico and Oklahoma also host workshops on mitigation

Notable Differences:

- All states studied encourage NFIP participation and the Community Rating System.
- Colorado encourages NFIP participation with assistance from the DHS
- New Mexico brings NFIP courses to the state every two years
- Oklahoma has workshops on NFIP compliance for local governments
- Arizona and New York identify loss reduction options for repetitive loss properties
- California produces an inventory of flood control facilities and operations for the purposes of assessment
- New York commissioned a study to study key rivers and streams from a watershed perspective and determine both flooding risks and potential mitigation options.

NFIP notes:

- Texas and Florida combine for 50 percent of NFIP policies⁷
- That being said, Texas NFIP policies have been declining steadily since at least 2011⁸⁹¹⁰¹¹

Recommendations

- Continue monitoring the repair of state parks from damage caused by natural disasters and reviewing the status of securing federal relief funds to offset state costs
- Commission a study to assess flooding risks and mitigation options from a watershed perspective, similar to the one in New York State
- Explore opportunities for state agencies to improve efficiency and/or coordinate efforts in applying for federal disaster relief funding

Interim Charge #2

Study and make recommendations regarding the improvement and expansion of the state parks system, pursuant to the passage of HB 158 (84R). Examine options such as conservation easements that can maintain private ownership and working lands while also preserving open space.

A public hearing was held on January 26, 2016 and the following witnesses testified on the charge:

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Texas Parks and Wildlife Department

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Background

Brief History of State Park Funding

Home to 95 state parks, natural areas, and historic sites, Texas boasts one of the country's premier state park systems. Texas 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.

The current population of Texas is almost 30 million and is projected to nearly double by 2050. A 2001 study by Texas Tech University found that given the explosive population growth and the public's demand for more parks, TPWD must create a long-term plan to incorporate more land and parks in the system.

In addition to requiring funding for new parks, the rapid increase in population and high volume of out-of-state visitors using the parks has contributed to the deterioration of existing parks. This became the first priority under the General Appropriations Act of the 80th Legislature as it 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."

Considering their positive and significant role in economic development for the state, and the general benefit to the public, repairing and expanding state parks is in the best interest of the state.

Until 1994, state and local parks were funded by a one penny per pack tax on cigarettes. The 73rd Legislature replaced the cigarette tax with a biennial statutory allocation of sporting goods sales tax (SGST) receipts to TPWD. However, the Legislature imposed a cap of \$64 million per biennium from 1994-2007.¹²

In 2007, the Legislature amended how it funded TPWD by eliminating the \$64 million cap and establishing a maximum statutory allocation of 94 percent of SGST revenues, while the remaining 6 percent would be the maximum allocation to the Texas Historical Commission (THC). The maximum allocation thus prohibited the Comptroller from crediting either entity more than that amount.¹³

From the 2007-08 biennium until the 2014-15 biennium, only about 45 percent of SGST revenues went to TPWD and 5 percent to THC, well below the maximum allocation. Half the revenue generated by the sporting goods sales tax was diverted to fund other state agencies and programs.¹⁴

Much of TPWD's existing infrastructure dates back to the 1930s New Deal program called the Civilian Conservation Corps. These structures are deteriorating and TPWD is faced with a large demand for capital improvements, especially as use of state parks increases along with the state's population.

Impact of Recent Legislation

In 2015, the 84th Legislature passed two measures aimed at addressing the state parks system funding shortfall, HB 158 and SB 1366. HB 158 sought to ensure that the revenue from the SGST would be dedicated in the full amounts of 94 percent and 6 percent to TPWD and THC, respectively. SB 1366 intended to provide increased flexibility to TPWD in spending appropriated SGST funding by eliminating restrictions on how the Legislature may allocate money among the various department accounts.¹⁵

Findings

Sporting Goods Sales Tax Revenue

The current fiscal 2016-17 budget appropriates to TPWD the full 94 percent of the estimated SGST revenue, which totaled \$261.1 million based on the Comptroller's Biennial Revenue Estimate. Included in the appropriation was \$157.5 million in direct appropriations to TPWD, plus another \$49.1 million for employee payroll-related benefits costs and debt service for General Obligation Bonds issued for park capital improvements and repairs. This amount was an increase of \$122.0 million, or 87.7 percent, from the amount allocated out of the 2014-15 biennium. The increased funding, as well as the elimination of statutory allocations between state and local parks, made more funds available for deferred maintenance of the aging state park infrastructure in the 2016-17 biennium. The funding for capital programs related to state parks infrastructure for the 2016-17 biennium totaled \$122.7 million, which was an increase of \$66.8 million, or 119.3 percent, from the 2014-15 expenditures.¹⁶

Local park funding for the 2016-17 biennium totaled \$53.6 million, which was an increase of \$5.5 million, or 11.3 percent, from the 2014-15 biennium. Of this amount, \$32.0 million (including \$30.7 million SGST transfers) is being used for grants to local parks and \$21.6 million is for boating access and other grants for recreational opportunities, which includes \$9.0 million for the Texas State Aquarium. The department expects for 100 percent of all grants (60-65 grants) to be distributed by the end of May 2017.¹⁷

The department was also able to use its increased appropriation from the SGST revenue to address its exceptionally high rate of turnover in the State Park Police Officer ranks. The state park law enforcement program has been restructured to provide a better equipped and trained law enforcement workforce that is now sustainable with improved career paths and better compensation, as State Park Police officers are now attending the Game Warden Academy at TPWD.

10 Year Plan

The Chairman of the Texas Parks and Wildlife Commission established a state parks advisory committee which is comprised of a broad and geographically dispersed representation of stakeholders for parks across Texas. The committee has been tasked to develop a 10 year plan to put the state parks in the best position to adapt and be more inclusive to a growing and diverse population, to continue the long legacy of stewarding our prized state park system, and preparing for the centennial celebration of state parks in 2023.

As of now, 91 of the 95 state parks are open to the public. Currently, the department is working with a project timeline for the development and opening of the four sites that are closed or have limited access.

Palo Pinto Mountains State Park

- a. About 5,000 acres. Located west of Fort Worth in Palo Pinto County and positioned well to serve the growing DFW metroplex, the park has nearly completed a thorough public use planning process that included public meetings and feedback. The last legislature appropriated \$2.7 million to take this plan and move forward with architectural and

engineering design in this biennium. The Department has requested \$25 million development of this new state park as part of the suite of capital projects in the FY 18-19 biennium. This will represent the first newly developed state park in decades.

Albert and Bessie Kronkosky State Natural Area

- a. 3,757 acres. The baseline resource inventories have been done and the planning process has nearly completed. Two public meetings have been held and public comment has been incorporated into the DRAFT public use plan. The department anticipates that architect and engineering design will be among the 2018-2019 biennial capital projects and has requested \$3 million. Construction to follow in the 2020-2021 biennium.

Chinati Mountains State Natural Area

- a. 37,885 acres. The Chinati Mountains has actually been in the inventory of state parks for many years. The property was land locked with no public access until recent acquisitions which now make the state natural area contiguous with a public roadway. Minimal development is anticipated on this natural area. The public planning process will begin relatively soon as other planning projects are completed. Road development to connect the site with a public roadway is a few years away.

The Dan A. Hughes Unit in south Devils River State Natural Area

- a. 18,000 Acres. The Dan A. Hughes Unit has been partially open for over one year. Paddlers are currently using the site as a take-out and public hunts are occurring on the natural area. A carefully prepared public use plan has been developed with considerable coordination with adjacent landowners on the river and many other stakeholder groups. The Department has requested \$4.6 million for the development of a visitor check-in building as well as the remodeling of the existing lodge. The site also awaits a road project that will be necessary before significantly expanding the current level of public use. The department anticipates this to occur in 2018-2019 biennium with the help of TXDOT.

Powderhorn State Park

- a. About 17,000 acres. Although not yet part of the inventory of state parks, this property will eventually be donated to TPWD from its current owners, the Nature Conservancy and the TPW Foundation. The site will be jointly managed, partly designated as a Wildlife Management Area and part as a State Park. Preliminary planning for the portion of this site that will become a state park has taken place. The department has requested \$2.1 million to begin advanced planning for the site.

The department has also requested funding for nearly all 91 fully operating parks and historical sites to address facility needs, park modernization, and other improvements. Among the requests are funding for the renovations of San Solomon Springs Courts at Balmorhea State Park, new HVAC systems and renovations at the Indian Lodge Hotel at Davis Mountains State Park, the refurbishment of the “custodian’s cottage” at Goliad State Park and Historic Site to serve as a visitor center for the El Camino Real National Historic Trail, a visitor center for the Franklin Mountains State Park, as well as major upgrades to water and wastewater systems at 12 state

parks across the state and additional funding to allow for Fort Boggy State Park to be open seven days a week.

Conservation of Working Lands and Preservation of Open Space

The percentage of private land in Texas is greater than in any other state, with privately-owned farms, ranches, and forestlands accounting for 142.4 million acres, about 84 percent of the state. However, Texas also leads the nation in loss of rural lands, with more than 2.1 million acres of agricultural lands having been converted to other uses between 1997 and 2007. Over that same timeframe, over 2.8 million acres of farms and ranches in the Trans Pecos, Edwards Plateau, and South Texas alone were fragmented into mid-sized and smaller ownerships. In 2001, the Governor's Task Force on Conservation concluded that fragmentation of large family-owned farms and ranches is the greatest factor contributing to loss of wildlife habitat. The 2003 Texas A&M/American Farmland Trust Texas Rural Land Trends study concurred that, "Land fragmentation is the single greatest threat to wildlife and the long-term viability of agriculture in Texas."¹⁸

The Texas Farm and Ranch Lands Conservation Program (TFRLCP) was created by the Legislature in 2005 to facilitate the protection of agricultural land. The program awards grants to qualified entities for the purchase of conservation easements to prevent development, sustain agricultural production, and enhance natural resources.¹⁹

Conservation Easements

A conservation easement is a legal agreement between a landowner and a qualified conservation agency that permanently limits a property's uses in order to preserve its conservation values. Donors of conservation easements retain title to their property; they grant conservation easements to protect their land from inappropriate development. A conservation easement runs with the title to the property regardless of changes in future ownership.

The state does not hold the conservation easement, but instead pairs private landowners with land trusts to establish conservation easements on the land. The TFRLCP is voluntary for landowners and the land stays in private ownership and management, subject only to the restrictions of the easement.

As of the 2014-15 biennium, the program had never received an appropriation, operating solely on federal funds from the General Land Office's Coastal Impact Assistance Program. In order to expand the program, in 2015, the 84th Legislature passed House Bill 1925, transferring the program from the Railroad Commission to TPWD. Supported by both the Railroad Commission and TPWD, the move makes it possible for the program to become an energized and robust program that can make a positive impact on the conservation of Texas' natural resources. TPWD already has a direct role in the conservation of our state's land, water, and open space and already has a vast field network of specialists who actively work with landowners to promote the stewardship and conservation of private land.

The TFRLCP complements TPWD's mission to conserve natural resources by protecting working lands from fragmentation and development. TFRLCP maintains and enhances the

ecological and agricultural productivity of these lands through Agricultural Conservation Easements.²⁰

The TFRLCP supports responsible stewardship and conservation of working lands, water, fish and wildlife, and agricultural production through generating interest and awareness in easement programs and other options for conserving working lands, leveraging available monies to fund as many high-quality projects as possible, and highlighting the ecological and economic value of working lands and the opportunities to conserve working lands for the future.

In March and April 2016 the Texas Farm and Ranchlands Trust Council approved funding for a total of 7 projects, bringing approximately 12,000 acres under long-term protection and fully exhausting amounts appropriated for the 2016-17 biennium. With additional funding, TPWD would be positioned to help address burgeoning landowner demand for such easements, facilitate an increase in acreage protected, and increase effectiveness in conserving the state's fish, wildlife, water, and open space resources, which are largely found on private lands.

Critics of Conservation Easements in Texas

Perpetuity

For some critics, the requirement that conservation easements be held in perpetuity in order for the grantor to receive federal tax benefits is problematic. Such restrictions have ecological and economic implications to the public interest - the intended beneficiary of conservation easements - that extend far into the future. The rule fails to recognize that conservation needs - as well as definitions of scenic, aesthetic and cultural - change over time, and that the easement may eventually lose any ecological benefit or even become a detriment.

Land Trusts

Furthermore, some critics contend that any chance that conservation easements have in being effective stewards of land is lost when land trusts cease to work as independent, private organizations obtaining easements through purely voluntary means and become agents of government aiding in public land acquisitions. To these critics, land trusts, particularly the larger organizations, are changing their focus from independent and private approaches to working in tandem with government agencies in an effort to assist government in obtaining private lands. These critics are concerned about land trusts not holding on to easements, but turning around and selling them to federal or state government agencies, known as a "prearranged flip" or "pre-acquisition." Because most easements are purchased by land trusts at below market value, land trusts can then sell the property to the government at market value, profiting off the difference. An easement acquired by a government agency through a public land trust does not require any approval process from either the public or the property owner and, therefore, is not accountable. If a landowner wishes to donate or sell an easement directly to a government entity, there is nothing preventing him from doing so.

Alternatives to Conservation Easements for Preserving Land

Land Management Agreements (LMAs)

This is an agreement between the leaseholder and the agency or organization the land is being leased to for the on-going sustainable management of the lease land. Generally, the land trust provides technical advice and some assistance, and the landowner carries out the plan. In most cases, no payments are involved.

Leasing Property

Land can be conserved temporarily by leasing it to a land trust or government agency or, in the case of agricultural land, to an individual who will maintain its productivity. Landowners frequently require nominal payment for the leased land, no tax deduction for the money made in leasing at less than the market rate.

Mutual Covenants

If several landowners are concerned about conserving the open space they collectively own or a view they all share, they can exchange mutual covenants to conserve those features. Mutual covenants can be appropriate where the protected conservation values are important to a handful of owners but not of sufficient benefit to the general public to warrant a conservation easement. Two of the main differences are that there are no tax deductions and that they are not permanent in nature like conservation easements.

Recommendations

- Amend the Texas Constitution in order to guarantee the full statutory allocation of the sporting goods sales tax to state parks and historic sites in perpetuity.
- Explore feasibility of altering or adopting alternatives to conservation easements in order to best maintain private ownership and working lands while also preserving open space.

Interim Charge #3

Study and make recommendations regarding decreasing illegal behavior, improving public safety, protecting private property rights, and protecting environmental quality on the San Marcos River.

A public hearing was held on January 26, 2016 and the following witnesses testified on the charge:

- 1) Captain Erik Nygren, Game Warden
Texas Parks and Wildlife Department
- 2) Melissa Parker, Program Leader, River Conservation
Texas Parks and Wildlife Department
- 3) Sheriff Daniel Law, County Sheriff
Caldwell County
- 4) Bill West, General Manager
Guadalupe-Blanco River Authority
- 5) Dianne Wassenich, Executive Director
San Marcos River Foundation

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

Background

Although it has been a popular destination for river recreationists for decades, the San Marcos River has become one of the top locations in the country²¹ for riding inner tubes or “tubing” in recent years. Since 2014, the estimated number of tubers on the river on a summer day ranges between 3,900 and 5,000. The highest number of tubers reported on any day was 10,192 on July 16, 2016.

The large population of visitors has drawn extreme ire from local landowners, law enforcement officers, and other river patrons. As the number of tubers on the river began to grow, so did the reports by the aforementioned groups of a growing problem of visitor misconduct, littering and trespassing on the San Marcos River. Testimony from witnesses describes rampant illegal activity, unacceptable amounts of litter in and along the river, excessive noise, overcrowding and an increase in reported alcohol related injuries and deaths. Repeated attempts at passing legislation aimed at curbing these issues have been unsuccessful in past legislative sessions. Nonetheless, landowners and concerned river patrons have remained steadfast in their efforts to see the river’s former tranquility restored.

Illegal Behavior

Cited illegal behaviors are underage drinking, littering, trespassing, public lewdness, excessive noise, and public intoxication.²² Landowners have reported that, often, tubers play explicit music on loud boom-boxes and other music producing devices, which can be heard by landowners before they reach the specific property and long after the tubers have passed by. These behaviors have only increased over the past few years due to the staggeringly high amount of tubers and the shortage of available law enforcement officers. As the river runs through an unincorporated area, bisecting two rural counties with small populations, law enforcement presence is limited due to lack of manpower and resources.

Public Safety

The combination of the consumption of alcohol on the San Marcos River not being illegal and low numbers of law enforcement on the river have contributed to the issue of public safety. Increasing numbers of tickets being given out for underage drinking, public intoxication and drunk driving, as well as alcohol related deaths are proving the need for action. Additionally, an increase in popularity and population has led to dangerous overcrowding on the river and an increase in activity on rural county roads near the river.

Private Property Rights

On a body of water, the boundary between the public portion of the streambed and the beginning of private ownership is called the “gradient boundary.” A common rule of thumb used by some to determine the gradient boundary is the line where vegetation begins to grow above the water. However, the gradient boundary shifts with the rising and falling of the water line as well as with the erosion of the riverbanks. In some instances when water levels are extremely low, there exist large areas of exposed bank. As these areas are considered by most to be below the gradient boundary, tubers are legally permitted to use them to stop and exit the river. However, as the patches of exposed bank are adjacent to private property, many landowners contend that the stopping and exiting the river along the banks to be trespassing. Exacerbating matters are the

high volume of instances when tubers venture above the gradient boundary and certainly are trespassing. The disputed demarcation of the gradient boundary, coupled with the number of verified cases of trespassing, has led many landowners to pursue stricter enforcement of private property rights.

Environmental Quality

The large population of tubers is considered by many landowners and concerned river patrons to be negatively impacting the environmental quality of the river. One of the main causes for concern is litter. Tubers are legally allowed to bring aluminum cans and plastic water bottles with them on the river; unfortunately, many do not responsibly dispose of their trash, instead discarding the containers in or along the river. One landowner reported that he picks up at least 2,000 pounds of trash in front of his property each year. In addition to the litter, concerns exist over the impact of the large number of recreationalists in itself. Concerns include water quality, impact to marine and plant life, and soil erosion, especially in areas where the river is shallow and tubers can stand up.

One of the larger environmental concerns is due to the fact that San Marcos River is the only home to Texas Wild Rice. Currently, periodic river quality testing is being done to ensure that the environment is not changing or being effected rapidly.

TPW San Marcos River Task Force Findings and Comments on Environmental Quality:

According to a staff summary by TPWD, there is clearly intensive recreational activity, sometimes illegal, in the study area, and the trend is for continued growth in recreational use. However, as of today, the evidence does not show wildlife and water quality to be adversely affected by recreational activity.²³

Some task force members expressed concern about the effects of the increased recreational tubing use on water quality and aquatic life. Due to the absence of bathroom facilities, a belief was expressed that tubers are polluting the water with untreated sewage. A task force member reported not seeing fish spawning activity, as he had seen prior to the increase in tubing.²⁴

Findings

Upon review of the issue, the committee has reached a consensus that the inordinately high number of tubers using the small stretch of river is responsible for a number of serious issues and threats to public safety, private property rights, and environmental quality. However, the unique circumstances of the river pose a number of challenges to combating these threats in a legal, responsible manner. Over the course of the interim, many solutions have been proposed to the committee. The committee has reviewed and assessed the pros and cons of each proposal, the result of which is detailed in the next section.

Proposed Solutions

1. Compulsory Financial Restitution by Tubing Outfitters

Digest – Several proposals have been made, calling for Tubing Outfitters—held responsible in the opinion of some for instigating and promoting the current situation—to pay to address some or all of the issues. These suggestions include requiring the outfitters to finance clean-up efforts, additional law enforcement, and promotional efforts to educate tubers about lawful, responsible water recreation.

Pros – Each of the aforementioned suggestions would indeed improve the current situation. As tenants of the river, there is a reasonable expectation that the outfitters and all landowners contribute to addressing the issues.

Cons – Foremost, there currently exists no legal means to require the outfitters to contribute to any such efforts. The outfitters are within their rights as landowners and private businesses to exist and operate along the river. Additionally, as financial restitution by the outfitters does not tackle the root of the problem—the large population of tubers—it is not a viable, permanent solution.

2. Tubing and regulations video

Digest – It has been suggested that, if tubers were educated about lawful and responsible use of the river, incidents of littering and illegal behavior could be reduced. The video would be played by the tubing outfitters and at the nearby Texas State University orientations.

Pros – Ensuring that all tubing properly understood the laws and expectations regarding their behavior could potentially be an affordable step towards eliminated undesirable actions.

Cons – Inevitably, some tubers would continue to disregard the law and public decorum. Furthermore, even if educational videos completely eliminated illegal behavior and protected private property rights, they would fail to address some of the environmental concerns.

3. Improved law enforcement

Digest – In order to combat the illegal activities and promote public safety, many have proposed increasing the presence of properly equipped law enforcement.

Pros – A targeted law enforcement presence could effectively stop and deter illegal activity, such as underage drinking, littering, trespassing, and public indecency. Additionally, having law enforcement officers on site at peak times would enhance public safety, as teams of officers in kayaks or boats could effectively manage the large crowds.

Cons – Maintaining a force adequate to manage the large population of river patrons would be costly. The costs would likely exceed what the landowners or outfitters could afford over an extended period of time.

4. Introduce “Can Ban”

Digest – Some suggest that one of the main draws for young people to the river is their ability to drink underage with impunity, as there is currently no practical way to police it. The proposed solution to curb the underage drinking and thus reduce the population of tubers is to effectively ban alcohol on the river.

Pros – As alcohol consumption and abuse have been cited as a main factor behind the illegal activities and threats to public safety, including alcohol poisoning and drowning, the removal of beer cans and “jello shot” cups could potentially eliminate some of these issues.

Cons – As cans and cups are just tools of alcohol delivery into the body, those who wished to drink on the river—which, by itself, is legal for those over 21 years of age—would still find a way to do so. Furthermore, proponents of this solution currently lack an effective method for implementing this requirement. A “Can Ban” would require action by an entity with competent jurisdiction and requisite authority.

5. Water Oriented Recreation District (W.O.R.D.)

Digest – Modeled after the Guadalupe River Water Oriented District, several efforts have been made to establish a W.O.R.D., which would meet the qualifications of an ordinance making entity.

Pros – A W.O.R.D. could establish specific rules to address the needs of the river communities, and could collect fees from landowners to fund any required effort or operation.

Cons - There currently are not enough businesses within the area of the potential district to support the operations of a W.O.R.D. financially. Additionally, there are concerns that a W.O.R.D., as it has been proposed in the past, would set a bad precedent of establishing special purpose districts to limit or eliminate legitimate business practice.

Furthermore, although the proposed W.O.R.D. on the San Marcos River is compared to that on the Guadalupe, the scenarios around their existence are less than comparable. As such, it could not be reasonably assumed that the outcomes would be comparable.

6. Memorandum of Understanding (M.O.U.)

Digest – In response to legislative efforts to establish a W.O.R.D., several of the outfitters proposed an alternative solution: an M.O.U. between the businesses and the local government with terms that required mutual efforts and costs to address the shared problems.

Pros – If executed properly, an M.O.U. between the outfitters and counties affected could address all concerns in an equitable manner. Reaching a compromise and understanding would also promote positive cooperation throughout the river’s community.

Cons – An M.O.U. is a good faith agreement, with no real enforcement mechanism. Opponents of this proposal argue that it has no “teeth.”

7. Linear State Park

Digest – A unique proposal is to establish a Linear State Park along the river, the first of its kind.

Pros – Because of the laws that apply to state parks as opposed to unincorporated public land, the establishment of a Linear State Park would ban drinking and reduce access by visitors to the river. Eliminating drinking on the water and reducing the population would have a significant impact on the various issues.

Cons – Because of Texas’ laws regarding the division of state ownership and management of the surface water, the beds and banks, and the public/private property surrounding the river, strong concerns have been raised about the constitutionality of a linear state park in Texas. Additionally, from the logistical standpoint, establishing a state park along a populated river could prove difficult. Another concern would be the cost for operation, management, and maintenance of the first-of-its-kind state park.

Ongoing Activities

Memorandum of Understanding

During the last legislative session, two of the outfitters presented to the legislature an M.O.U. with Caldwell and Guadalupe Counties, which stated that the outfitters would provide additional law enforcement resources, conduct river cleanups, and improve communication with landowners. Although the outfitters’ initial and full compliance with the M.O.U. has been called into question, they have demonstrated continued “good-faith” efforts towards addressing the various issues.

Relevant Litigation

In February 2016, two landowners (man and wife) sued the two tubing companies in Caldwell County District Court (Goynes v. Don’s Fish Camp and Texas State Tubes, Cause No. 16-0-075). The plaintiffs in the Goynes case rely on theories of “private nuisance” and “nuisance per se,” and seek injunctive relief that would require the defendants to undertake certain measures to

control recreational use of the riverbed.

Recommendations

- Provide TPWD with funding to establish a short-term, targeted law enforcement operation, placing game wardens on the San Marcos River with the mission of combating illegal activity. Funding could also be made available to TABC and DPS to enhance the mission by combatting the sale of alcohol to minors and adding enforcement along highways in the surrounding area.

- Continue to monitor actual outcomes from efforts made by the landowners, outfitters, and local governments to improve the health and safety of the river and the river community.

Interim Charge #4

Explore ways to promote and improve tourism, youth education and economic development through heritage, cultural, recreational, historical, and nature programs and preservation practices. Consider the long-term economic impact of state parks and state and local historic sites, the Texas Heritage Trails Program, the Alamo Mission Complex, and rural community revitalization in promoting recreation and heritage tourism.

Public hearings were held on January 26, 2016, and April 7, 2016, and the following witnesses testified on the charge:

- 1) Bryan Daniel, Executive Director, Econ. Development & Tourism Division
Office of the Governor
- 2) Dr. Gary Gibbs, Director
Texas Commission on the Arts
- 3) Brent Leisure, Director, State Parks Division
Texas Parks and Wildlife Department
- 4) Gloria Meraz, Director of Communications
Texas Library Association
- 5) Mark Smith, Executive Director
Texas State Library and Archives Commission
- 6) John Sneed, Executive Director
State Preservation Board
- 7) John L. Nau, Chairman
Texas Historical Commission
- 8) John Crain, Vice Chairman
Texas Historical Commission
- 9) Mark Wolfe, Executive Director
Texas Historical Commission
- 10) Susan Bellsnyder, Member
Texas Plains Trails Board of Directors
- 11) Tim Culp, Member
Texas Independence Trails Board of Directors
- 12) Hon. Lonnie Hunt, County Relations Officer
Texas Association of Counties
- 13) Hon. Joel Rodriguez, County Judge
La Salle County
- 14) Dr. Jon Lohse, Archaeologist
San Felipe de Austin Historical Site
- 15) Dr. Carol Salva, ESL Educator
Spring Branch ISD
- 16) Becky Dinnin, Alamo Director
General Land Office
- 17) Bryan Preston, Director of Communications
General Land Office

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

Background and Findings

Office of the Governor, Economic Development and Tourism Division

In 2003, the 78th Legislature abolished the Texas Department of Economic Development and created the Economic Development and Tourism Division (EDT) within the Governor's Office. EDT's primary functions include marketing Texas as a premier business location and tourist destination; providing financial, location, and export assistance to Texas businesses and communities; and serving as a central source of economic development information. Under the leadership of Governor Greg Abbott, EDT has worked with the end goal of growing the economy enough to where all Texans can succeed. To meet this goal, the governor directed EDT to realign and unify the division's various stand-alone commissions and offices. EDT comprises several offices, each joined to meet its primary functions.

Texas Tourism

Divided into three interrelated program areas—advertising, public relations, and travel research/development—Texas Tourism works in partnership with local convention and visitors bureaus, chambers of commerce, and private travel-related organizations to enhance and extend local economic development efforts by marketing Texas as a tourist destination in out-of-state domestic and international markets, thereby generating non-Texan travel to the state and ultimately creating revenue and jobs.

Advertising and Public Relations

Texas Tourism develops and coordinates multiplatform national and international advertising to promote Texas as a premier travel destination. Texas Tourism is responsible for the state's award-winning tourism marketing campaign, "Texas. It's Like A Whole Other Country," and its Spanish-language counterpart, "Texas. De Todo Un Poco. Y Mas." (Texas. A little of everything. And more.). Texas Tourism has established a significant online presence in the TravelTexas.com website and mobile app and through the use of the official Texas Tourism hashtag, #texas todo, across social media platforms. The combination of print, television, and digital have not only served to attract out of state and international tourism, but have enhanced the experience of in-state tourists as well.

Texas Tourism has also improved outcomes by working proactively with the travel trade industry (tour operators, wholesalers, travel agents, airlines, etc.) and travel media (newspapers, magazines, broadcast, electronic) throughout the United States and top international markets. Through trade shows, sales and media missions, trade and media familiarization tours, educational seminars, and consumer promotions, Texas Tourism's public relations efforts promote the Texas leisure travel and meetings market product. Public relations creates co-op opportunities for travel industry partners, as well as offers travel trade and media leads online to Texas industry partners at Travel.Texas.gov.

Travel Research/Development

Texas Tourism's Travel Research/Development office provides and analyzes information about domestic and international travel behavior and trends which directs and drives the programs and

services provided by Texas Tourism. The research data generated through the Texas Tourism program is used to inform and direct the activities of the office, as well as help MOU partners (Texas Parks & Wildlife Department, Texas Historical Commission, Texas Commission on the Arts, and the Texas Department of Transportation) increase tourism.

Strategic Tourism Plan

Texas Tourism also works through the MOU with TPWD, THC, TCA and TxDOT to support their programs and in-state activities.

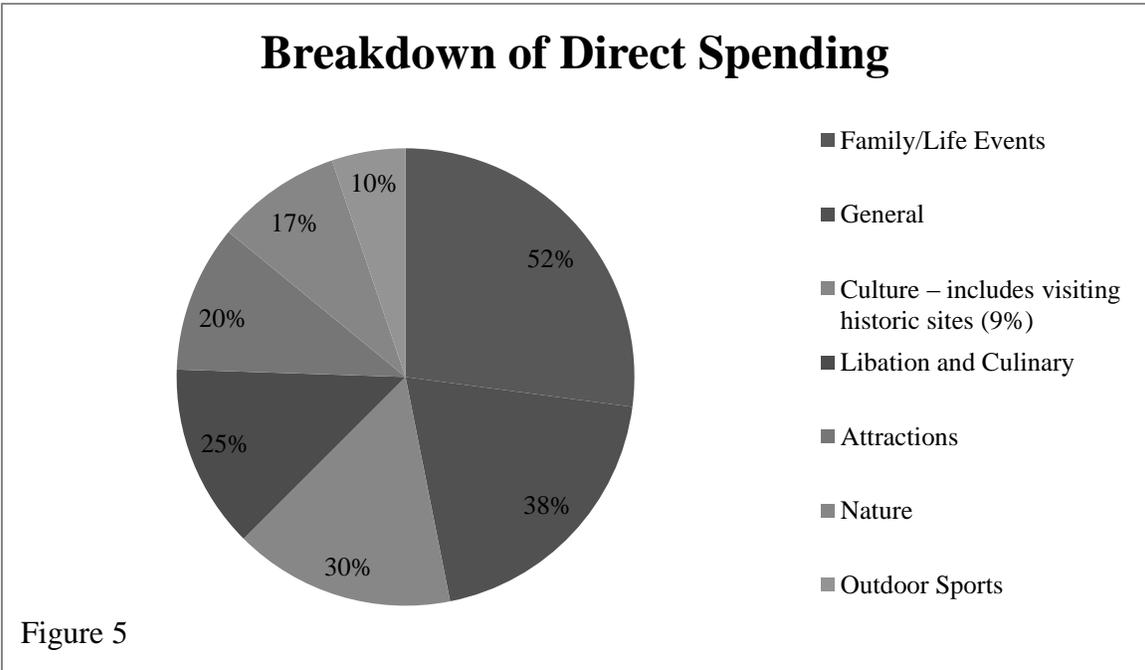
Economic Impact

Direct Spending, State Revenue, and Jobs Supported:

In 2015, direct travel spending in Texas was estimated at \$70.6 billion and generated \$6.2 billion in state revenue. Travel spending in Texas directly supported 647,900 jobs, and an additional 487,500 jobs indirectly across many industry sectors. Efforts by EDT and Texas Tourism have helped generate \$4.4 billion of that direct travel spending. That \$4.4 billion has generated \$262 million in taxes for the state and supports nearly 44,000 jobs. In terms of return on investment, Texas Tourism advertising and promotion programs have yielded \$7.36 for each \$1 spent.

Breakdown of Direct Spending:

Texas Tourism program-generated travel research provides visitor profile and spending information. This research shows travelers who participate in activities spend more and stay longer than the average Texas traveler. It also shows most travelers participate in more than one activity on a trip which makes segmenting total travel spending by specific activity category difficult. Below are the most cited for 2014. Please note the survey questionnaire used in this study allows for multiple responses, so a share for specific activities to apply to total travel cannot be isolated.



Texas’ heritage, historical, cultural and nature experiences are part of Texas Tourism’s experiential-based marketing campaign and are highlighted in television, digital and print advertisements, the TravelTexas.com consumer website, and public relations and marketing activities.

The research data generated through the Texas Tourism program is used to inform and direct the activities, as well as help MOU partners (Texas Parks & Wildlife Department, Texas Historical Commission, Texas Commission on the Arts, and the Texas Department of Transportation). The Texas Tourism program also works through the MOU with TPWD, THC, TCA and TxDOT to support their programs and in-state activities.

Domestic and International Visitors:

Domestic visitor volume to Texas destinations in 2015 was estimated at 255 million person-stays (visitors), an annual increase of 5.2 percent. Leisure travel related purposes account for roughly 70 percent of domestic travel to or within the state with the remaining 30 percent for business related purposes. Business travel increased faster than leisure travel at Texas destinations in 2015 (6.5 percent versus 4.8 percent respectively). In 2015, non-resident leisure travel to Texas continued to grow across all measures. Visitor volume increased by 8.2 percent, which was higher than overall leisure travel across the state. Non-resident overnight leisure travelers to Texas stayed an average of 2.42 nights and spent an average of \$119.50 per person per day.

International visitor volume to Texas destinations in 2015 was estimated at 9.2 million person-stays. Direct spending by international visitors totaled over \$5.8 billion. On average, international visitors to Texas stayed between 8 and 14 nights and spent an average of \$63.93 per person per day.

Impact of Mexican Peso’s Declining Exchange Rate on Tourism:

The most recent visitor data for travel from Mexico to Texas in 2014 showed an increase of 18 percent, which followed an overall trend of increased visitation from Mexico to the United States (19 percent). Preliminary indicators for air travelers from Mexico show that segment of the market doing well for Texas and increasing through the first half of 2015. We do not have a similar indicator for land travel to Texas. Year-to-date arrivals (land and air) from Mexico to the United States were up 8.3 percent through the first half of 2015.

Mexico is the largest international market for travel to Texas. An estimated 7.7 million travelers from Mexico visited Texas in 2014 generating \$4.5 billion in direct spending. Travel from Mexico to Texas is projected to increase by 32.6 percent between 2014 and 2020.

Additional Economic Development Impact

Texas Tourism efforts enhance the state’s image, which aids other economic development efforts, such as encouraging both individuals and businesses to relocate to Texas.

Impact of the Cruise Industry in Texas:

Research from the Cruise Lines International Association shows that Texas ranks third among states in cruising expenditures.

Texas		% change from 2013	Share of the U.S.
Direct Expenditures	\$1.3 billion	5.0%	6.3%
Total Employment Impact	22,689	12.0%	6.1%
Total Wage Impact	\$1.4 billion	22.0%	7.3%

Hunting and Fishing Related Tourism in Texas:

Among domestic non-resident overnight leisure travel parties the participation rate as a percentage of total travel for hunting is 1 percent and fishing is 4 percent. Texas Tourism works with the Texas Parks and Wildlife Department through the Tourism MOU to promote and market the nature and outdoor sports experience in Texas.

Texas’ nature and outdoor experiences are also part of Texas Tourism’s experiential-based marketing campaign and are highlighted in television, digital and print advertisements, the TravelTexas.com consumer website, and public relations and marketing activities. Advertising, public relations, and other marketing activities drive consumers to the TravelTexas.com website to explore Texas’ travel experiences. Outdoor sports, including fishing, are additionally showcased in such content marketing programs as #TexasToDo films and Trip Guides on the website.

Texas Film Commission

Since 1971, the Texas Film Commission (TFC) has been the state’s primary resource for the moving image industries, which include film, television, commercial, animation, visual effects, and video games. TFC serves studios, Fortune 500 companies, students, large metropolitan regions, and small, rural towns.

Shoot Location Information Service

TFC assists filmmakers with finding locations to shoot in Texas through a database of thousands of digital images. The service also customizes packages for specific projects.

Moving Image Archive Program

TFC partners with Texas Archive of the Moving Image, a non-profit, to preserve and celebrate film production in Texas. They make films available to the public and educators around the world.

Texas Moving Image Industry Incentive Program

In 2008, 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. From the time of its creation and up to August 2012, TFC awarded \$74.8 million in incentives to 521 projects, which generated \$640.7 million in direct spending in Texas and \$58.9 million in revenue from state and substate taxes. In that same timeframe, the projects provided an estimated 9,688 full-time equivalent jobs. 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.

Impact of Funding Reduction:

In 2015, the 84th Legislature reduced funding for the TMIIP by 66 percent (roughly \$63 million). In January 2016, the commission reported that the reduced funding had caused the following:

1. An immediate shift of projects considering Texas to other states primarily Georgia, Louisiana and California as well as Canada. For the first 6 months of FY2016, 27 projects seeking incentives have been turned away (not including commercials) that had a combined budgeted in-state spend of \$429 million.
2. Existing television and video game series that call Texas home are considering leaving the state due to the uncertainty of incentive funding for the future and its impact on Texas' industry workforce and infrastructure.
3. Texas-based film, television, commercial, animation and video game companies are losing their ability to lure new projects to the state that help them build their business, even beyond incentivized projects.
4. Though not all productions, crew and resources are incentivized, any significant loss of incentivized projects also disrupts non-incentivized projects and the business as a whole, with workforce and industry-related vendors particularly vulnerable. Some Texas production crew and businesses are considering moving to other states as a result.

Additionally, the commission noted at the time that, although not all funds have been expended for the biennium, all funding available for the remainder of FY2016 have been committed. In addition to the 27 projects already turned away, TFC will continue compiling a list of projects that have chosen to locate elsewhere due to the lack of available funds. However, that list may fail to be comprehensive since it is dependent on a production company communicating the

reasoning for the decision every time another state is selected. Despite the reduction in funding, the MIIP maintains a return on investment of \$6.90 to \$1.

Comparing State Film Incentives:

Although, Texas offers potential media productions a lower incentive rate when compared to other states (see comparison below), several factors in recent years have kept the state competitive. These include the other benefits of shooting in Texas such as a strong business climate, agreeable weather, diverse locations, talented workforce and being centrally located in the United States. This ability to compete with a lower incentive rate was demonstrated during the 2014-15 biennium, when media industry production in Texas increased by 135 percent over the 2012-2013 biennium.

States that are successful in luring the film/television/video game production industry (e.g. Georgia, New Mexico, Louisiana, California and Canada):

1. Show commitment to encourage long-term industry and workforce development through consistently funded incentive programs;
2. Offer incentive rates of 30-35 percent of a project's in-state spending through tax credits; and
3. Actively build and train workforce to meet demand of increased production.

Texas, by contrast:

1. Appropriates less consistent funding levels resulting in less long-term development for industry jobs;
2. Offers a sliding scale incentive rate from 5-22.5 percent through cash rebates (plus limited types of sales tax exemptions); and
3. While authorized to do so, Texas does not have active workforce training programs for the industry in place due to limited funding.

Opportunities to Improve Film Incentives:

Ultimately, creating jobs and diversifying the Texas economy are core TFC goals. To more effectively compete with other states, Texas could consider appropriating resources toward workforce development. Texas has the opportunity to build and diversify its workforce through training opportunities related to media production. Well-paying jobs within the industry often do not require college degrees. Further, this type of workforce training is inexpensive to administer, resulting in rapid training and job placement.

In the 2008/2009 biennium, TFC administered a workforce training program. Over 16 months, 25 workshops were held in cooperation with program partners. As a result, 416 people were certified as production assistants, camera assistants or location scouts. Program participants trained in the initial year of the program were later surveyed regarding their post-workshop job search. Of those who responded, 88.9 percent found work as a production assistant, or in another film trade or field position. Although the program is still authorized, it is no longer funded.

It is interesting to note, the film and television industries provide ideal job opportunities for veterans because film production operates by a ‘brigade’ system which is familiar to veterans, and their skillsets are particularly valuable to the speed and efficiency needed for this industry. To effectively capitalize on this opportunity, some states such as New Mexico have implemented an incentive program to increase the training, placement and hiring of veterans.

Using conservative estimates, the direct return on investment for the TMIIP for FY2016 (as of December 31, 2015) is \$7.38 for every dollar invested. Cast and crew also spend additional dollars on ancillary purchases (and the associated sales taxes) during a project. Further, businesses within the community then make additional purchases in order to provide services to the project.

Additionally, as appropriation levels for the incentive program have increased, additional production jobs have been created. As shown in the chart below, when the appropriation changed, the number of jobs reported had a corresponding change.

Period (FY)	Grant Amount	Production Jobs Reported
2010-2011	\$52,676,146	35,394
2012-2013	\$29,719,298	21,620
2014-2015	\$83,819,520	53,154

Texas Film Trail Program

In 2016, TFC launched the Texas Film Trail Program to enhance the viewer/visitor experience with the film industry in Texas. The Film Trail Program showcases communities that have supported Texas’ place in filmmaking history. The Film Trail Program consists of a curated series of self-guided Texas Film Trails where visitors can explore and experience destinations that have been seen through the lens of celebrated Texas films. The inaugural film trail features acclaimed Texas filmmaker, Richard Linklater, with more film trails coming soon.

Texas Music Office

Created in 1990, the goal of the Texas Music Office (TMO) is to promote the development of the music industry in Texas by informing the industry and the public of the opportunities available for production.

Expanding Focus to the Benefits of Job Creation, Economic Diversification

Governor Greg Abbott moved TMO into the Economic Development and Tourism division. Brendon Anthony was named director and is rebranding the office with a focus on attracting new music-related business to the state.

Music Instruments For Children From License Plate Sales

Funds received through the purchase of specialty Texas Music license plate goes toward one of three programs: financing the purchase of a musical instrument from a Texas retailer for students who couldn't otherwise afford them, private lessons from music professionals, or used in grant awards to 501(c)3 non-profits to fund community programs.

Industry Roundtable With Governor

Governor Abbott gathered industry executives to the Governor's Mansion at the end of 2015 to discuss the future of the music industry in Texas and how it can bring more economic development and tourism to the state.

Economic Impact Analysis

- \$3.2 billion in annual earnings
- \$7.5 billion in annual economic activity
- 90,000 permanent jobs
- Estimated tax revenue = \$280 million

Texas Commission on the Arts

The Texas Commission on the Arts (TCA) was established by the Texas Legislature in 1965 to advance the state economically and culturally by investing in a creative Texas. By providing resources to enhance economic development, arts education, cultural tourism and artist sustainability initiatives, TCA supports a diverse and innovative arts community statewide.

TCA supports tourism by developing and supporting arts and cultural destinations in the state. The mission of TCA is to advance our state economically and culturally by investing in a creative Texas. TCA supports a diverse and innovative arts community in Texas, throughout the nation and internationally by providing resources to enhance economic development, arts education, cultural tourism and artist sustainability initiatives.

Designated Cultural Districts

To date, TCA has designated 28 communities as official Cultural Districts. The communities include urban areas, mid-sized cities, and rural communities. TCA views this program as having great potential for utilizing the arts as economic development tools while contributing to a better quality of life for the citizens. The 2016-17 biennium marked the first ever appropriation for TCA's Designated Cultural Districts. Funding for the program provided \$1,497,175 in grant funding in FY 2016. Grant funding for Cultural Districts has been used to promote cultural tourism in a variety of ways, including supporting world-class exhibits, such as the exclusive US debut of "Jackson Pollock: Blind Spots" to the Dallas Arts District, and supporting structural repairs to iconic arts buildings, such as the historic 1894 Grand Opera House in Galveston.

Youth Education

TCA supports youth development and education through various grants that support art programs in communities across Texas. In FY 2015, TCA estimates it served nearly 1.5 million youths through education grants. TCA grants support in school, after-school, and extra-curricular programs that advance the creative economy of Texas by investing in arts organization.

Furthermore, TCA awarded grants for art education programs at hospitals, juvenile detention centers, and shelters and social service facilities. TCA also supported several programs for young people with learning and mental disabilities.

Through a public-private partnership with the Texas Cultural Trust, TCA operates the Young Masters Program, which awards grants to talented young artists to further their studies in their

chosen field. The most talented young artists will receive the title of Young Master and will be awarded grants to further their studies in their chosen arts disciplines. In FY 2016, TCA awarded 15 grants in this program at \$5,000 each.

Rural Revitalization and Services

Texas has the nation's largest rural population, with more than 3.6 million rural residents. Texas Commission on the Arts (TCA) recognizes that arts and cultural activity is thriving across the state, but also recognizes the challenges in getting services to rural communities. 12 percent of TCA grants were made to rural communities in FY 2015. There are very few nonprofit arts organizations in rural communities and the ones that do exist may not be aware of their opportunities with TCA and other funders. TCA has opportunities designed to serve these communities and is interested in ways to better serve rural Texans.

TCA offers a program to provide affordable (\$150 on up) high-quality artists who are willing to travel to these communities to perform. TCA maintains a searchable list of these artists called the Texas Touring Roster. Artists of all disciplines and genres compete for the chance to be part of the roster. Nonprofits of all kinds may apply to TCA for a portion of the cost of bringing these artists to their community. It is a simple application process based on the dates of the performance.

Also in rural counties where there is a lack of art organizations, TCA will allow governmental or nonprofit organizations that have a record of providing quality arts programming in their community to be considered Rural Arts Providers. These organizations may be libraries; parks and recreation departments; schools; chambers of commerce; Main Street programs; other nonprofit organizations; or departments of municipal, county, state, or federal government. Rural Arts Providers can apply for Arts Respond Project grants.

Economic Impact

- The arts and culture industry generates \$5.1 billion for the state's economy
- Arts contribute nearly \$320 million in state sales tax revenue annually.
- According to EDT research, cultural tourists account for more direct spending and longer stays than average tourists.

Additional Impact

- Students who complete more arts classes have up to 15 percent higher pass rates on standardized tests than students with fewer arts classes.
- At-risk high school students who complete more than one art class are half as likely to drop out.

Texas Parks and Wildlife Department

The Texas Parks and Wildlife Department (TPWD) mission is to manage the state's natural and cultural resources, oversee and administer several programs that support the state's robust tourism enterprise, and contribute to the overall prosperity of the Texas economy and thousands of local economies across the state's 254 counties. Additionally, as stewards of Texas' hunting, fishing and outdoor recreational heritage, TPWD provides outreach and educational

opportunities for Texas families and kids to not only understand the natural world around them, but to also learn the outdoor skills required to safely interact within it.

Tourism

Texas parks host special events to attract first time visitors and bring in large crowds such as: first day hikes on January 1; Veteran's Day hikes where veterans get in free; and roughly 12,500 educational programs bringing in 750,000 participants.

Strategic Tourism Plan

TPWD is party to a MOU with TxDOT, EDT, THC, and TCA to develop a plan for the state that includes activities related to tourism and a collaborative marketing effort to efficiently increase travel to and within the state. TPWD utilizes innovative communications strategies through email, radio, trail maps, social media, and even film to market the department specifically and Texas in general.

Adult and Youth Education

TPWD aims to educate Texans on safe, ethical, and responsible use of the outdoors. It also helps connect underrepresented audiences to outdoor activities in state parks. TPWD offers a youth hunting program to introduce kids to safe hunting, boater, tackle, and angler education programs to keep Texans safe on the water, and a conservation education program to ensure Texas parks will still be there when the kids of today bring their kids to state parks. Texas parks also host educational opportunities to those new to the outdoors like children and those who want to do more in the outdoors such as the Becoming and Outdoor Woman workshops. Texas State Park Buffalo Soldier programs bring to life the lives of African American soldiers on the frontier.

Economic Impact

TPWD contributes \$774 million in sales and 5,800 jobs to the state from the state parks. Hunting and fishing brings in over \$400 million in tax revenue and 65,000 jobs.

Texas State Library and Archives Commission

The Texas State Library and Archives Commission (TSLAC) is, by tradition and definition, an agency of significant historic and cultural interest and value to the state. The first appropriation by the Texas Legislature to establish an official library and archives for Texas was made during the first Congress of the Republic in the amount of \$10,000. Those early leaders recognized that the maintenance of the official record in the form of the state archives was an essential cornerstone of the permanent society of the republic, and later the state of Texas. In 1842, in an effort to retain the capitol of Texas, a posse of Austin citizens, alerted by local innkeeper Angelina Eberly, averted an attempt by Sam Houston to seize the archives of the state. Houston, who sought to establish his capitol at his namesake town near the gulf, knew that the archives were an essential component of the seat of government.

Management of Historical Resources

Throughout the 174 years since the Archives War, TSLAC, through a succession of iterations, has collected, safeguarded, and curated the historical record of Texas. Today, as a result of this stewardship, TSLAC is responsible for some of the most well-known of all artifacts of Texas history, including the Texas Declaration of Independence (both the original handwritten version

and a copy of the extremely rare broadside), the Texas Constitution of 1876, and of course, the iconic William B. Travis “Victory or Death” letter written from the Alamo on February 24, 1936.

These treasures are part of a collection that is vast and deep and includes such items as Civil War muster rolls, Republic of Texas passports, the original Capitol drawings, historic battle flags from the revolution and Civil War, Daguerreotypes and other early photographs, and historic maps. Overall, TSLAC maintains 82,800 cubic ft. of archival records, including 9,000 maps, 750,000 photographs and prints, 1.6 million federal documents and government publications, 270,000 state documents and government publications, and 117,000 volumes of books and other media.

Maintaining the Living History of Texas

The cultural resources kept under TSLAC’s stewardship are priceless pieces of the story of Texas. The uniqueness of their value to Texas history is equaled by the uniqueness of the challenges in their maintenance. Rather than treat the state’s historic artifacts as relics to be permanently housed in an exhibit case, TSLAC treats them as part of the permanent historical record of the state. TSLAC preserves, protects, and curates these resources for what they tell researchers and citizens about the history of Texas. These historical documents are part of a larger context of information resources held by the agency that also includes archival records from the legislative, executive and judicial agencies of government, state and local government documents, a collection of Texana materials, genealogical resources, and much more, in both paper and now digital formats.

Under the direction of the State Archivist, TSLAC staff are ever-vigilant about the precious treasures stored in our building. The last time the Travis letter came out for display in our building, it sat in a \$25,000 case with temperature and lighting controls. And with good reason: documents such as the Travis letter will damage very easily. The very brief trip that the letter took to San Antonio in 2013 caused tiny but perceptible light damage to the document.

TSLAC’s professional archivists, trained and experienced in the management of historical archival resources, are tasked to protect and make its vast collection of materials available. TSLAC staff includes a conservator who painstakingly restores older materials to the point where they can be examined and read as well as numerous professional archivists who actively work to ensure the safety and security of these materials while also analyzing their contents, including via cataloging, user guides, and online exhibits.

The artifacts maintained by TSLAC hold immense value in the state’s historic, heritage, and cultural tourism industries. While TSLAC supports the identifying, protecting, and making available historical and cultural resources, the commission maintains that it is in the best interest of the state that the Archives of Texas remain intact and under our professional stewardship as they have for over 180 years.

Economic Impact

Services that TSLAC provides local libraries and directly to the public provide significant economic and social benefits. In 2012, a study by the Bureau of Business Research at the University of Texas on the Economic Value of Libraries found that every dollar invested in

library services statewide yields \$4.42 in value to Texas communities in terms of services delivered, job creation, and other economic benefits.

Additional Impact

Youth Literacy:

TSLAC services directly encourage capacity growth in local public libraries, such as our support of early literacy efforts in libraries where young people acquire the skills to enter school reading or ready to read. In 2015, TSLAC assisted local libraries across Texas to facilitate 282,000 kids who participated in summer reading programs.

Workforce Literacy and Training:

Supported by TSLAC, workforce programs in libraries directly lead to users getting jobs. For example, a branch of the Fort Worth Public has documented that 70 percent of persons using their employment services are successful in finding employment.

Furthermore, the materials provided through TSLAC's longstanding and highly successful TexShare and TexQuest programs help students and the general public access the information resources they need to be productive in school, work, and their personal lives. Through its new Center for the Book, TSLAC will be encouraging young people and adults to discover the ways in which reading and library use can give them an edge in their studies, their professions, and in overall enjoyment of their lives. TSLAC continues to seek ways to measure the impact of all these activities on the lives of our users and the communities that we serve.

Texas State Preservation Board

The State Preservation Board (SPB) preserves and maintains some of the most visited sites in the state, including the Texas Capitol Complex, the 1857 General Land Office Building, the Texas Governor's Mansion, the Bullock Texas State History Museum, and the Texas State Cemetery. SPB provides educational programs centered on Texas history, government and culture. These services benefit the citizens of Texas and its visitors.

Texas State Capitol

As one of the most iconic attractions in Texas, the State Capitol saw 1.25 million visitors in 2015, a number that is expected to see continued growth. In addition to being a popular tourist attraction, the capitol serves a role as one of the greatest tools in educating visitors and students about Texas history. In 2015, 75,000 students from 1,200 different schools visited the State Capitol. In fact, so many school groups seek to visit to the capitol that the Capitol Visitors Center reaches capacity during peak times of the year. One of the greatest attractions of the capitol is its accessibility, which includes free visitor parking, free tours, and free exhibits and education outreach programs.

2016 Capitol Restoration Project:

Considered by SPB to be the most important project at the capitol in 23 years, the renovations completed in 2016 included House Chamber and Gallery carpet replacement, extension carpet replacement, exterior window and masonry preservation, breezeway and deck restoration, historic exterior door restoration. SPB commissioned the project not only in order to preserve it

as a historic monument, but also to maintain the building for daily use by the legislature and other state offices.

Bullock Texas State History Museum

The Bullock Museum is a premier educational facility in Texas. Unlike the State Capitol, the Bullock Museum employs a well-established outreach program for educators, offering resources year-round to help educate students about specific subject matters tied to Texas history. In FY 2015, the Bullock Museum saw 65,000 students from 757 schools and 155 school districts. While exhibit attendance has grown more than 15 percent over the past four years, the museum does require sustained and multi-faceted marketing and advertising effort to grow that number. The Bullock Museum relies on a business model that is built on generating most of the revenue needed to run the museum. Consequently, funding for marketing and advertising are limited. SPB notes that an increased marketing and advertising budget would be required to increase visitors.

Online Presence:

The Bullock Museum has developed a nationally-acclaimed website, TheStoryofTexas.com. This website is designed to showcase original Texas artifacts and the stories behind their historic significance. In FY 2015, the museum website generated 800,000 unique visitors from 720 different communities across Texas, all 50 states, and 179 countries. The high volume of web traffic is credited with growing the number of in-person visitors to the museum and building the museums popularity.

Texas Historical Commission

The Texas Historical Commission (THC) was established in 1953, and has been the official State Historic Preservation Office under federal law since passage of the National Historic Preservation Act a half century ago in 1966. THC preserves the physical legacies of past generations and cultures as important reminders of where early Texans came from and how modern day Texans came to be. THC uses historic and cultural assets as potent tools not just for maintaining buildings, but also for revitalizing a community's economy, identity, and quality of life. THC educates people of all ages through these tangible, historic places, bringing the stories and values of Texas pride and tenacity to life. To that end, THC administers more than 20 programs, all established by state or federal law, and nearly all of which contribute in some way toward the state's heritage tourism economy.

THC employs over 200 FTEs divided between its Austin headquarters and the 20 state historic sites that it administers from El Paso to Sabine Pass as well as the Texas Holocaust and Genocide Commission. Those sites include the National Museum of the Pacific War in Fredericksburg, Casa Navarro in San Antonio, the Fulton Mansion in Rockport, and San Felipe de Austin, the capital of Austin's colony, just west of Houston. THC maintains these historic sites, operate educational programs, and provide visitor interpretation through walking tours, signage, and visitor information centers.

Preservation continues to be an economic player in the state of Texas, as it contributes over \$4.6 billion annually to the state's economy. A recent report from the University of Texas and Rutgers University on the economic impacts of preservation in Texas, as well as a very recent publication

that focuses specifically on heritage tourism says that heritage tourism supported more than 55,000 jobs in Texas in 2013, and through the federal tax credit program heritage tourism has spurred about \$1.78 billion in private-sector rehabilitation across the state in both rural and urban communities.

Main Street Program

THC is integral to the redevelopment of many Texas cities downtown area, through the Main Street program, with 91 communities participating across the state. While Main Street towns do often invest city tax dollars in those improvements, the bulk of the reinvestment over the years has been from the private sector—building owners and merchants who understand the potential. Throughout the guidance and advice provided by THC, cumulative investment from Texas Main Street communities, since its inception in 1981, has totaled over \$5.2 billion.

Texas Historic Courthouse Preservation Program

One of the best known and most successful programs is the Texas Historic Courthouse Preservation Program. To date, 91 counties have received over \$250 million from this program, which in total, has fully restored sixty-three courthouses, with another seventy-five more waiting to participate in the program. That investment, matched by a similar amount from the counties, has generated thousands of locally based contracting jobs with labor income in excess of \$32 million. Every general contractor on all courthouse projects, to date, have been Texas contractors.

Texas Heritage Trails Program

THC administers the award-winning Texas Heritage Trails program that provides services through 10 trail regions, each with its own independent board of directors and executive director, working under THC's umbrella providing statewide branding and promotional opportunities. Each of the 10 Trails, through their board of directors and partnership with the Texas Historical Commission, have developed Programs of Work to pool our resources in a collective manner in order to best meet the economic needs of our communities. These programs continue to be ever evolving just as the economy of our great State. This economic development initiative encourages communities, heritage regions, and the state to partner and promote Texas' historic and cultural resources. These successful local preservation efforts, combined with statewide marketing of heritage regions as tourism destinations, increase visitation to cultural and historic sites, and bring more dollars to Texas communities.

Rural Community Revitalization:

The Heritage Trails Program has been especially beneficial to rural communities who partner with their region. By working with a trails region, rural communities can promote their heritage tourism and increase economic activity.

Military History Program

THC also administers a military history program that is currently focused on training people to take oral histories of veterans who were involved in the Cold War from Korea to the collapse of the Soviet Union, and a youth education specialist helping to develop lesson plans and other history-related programming for young Texans.

Historic Texas Highways

Created by the Legislature in 2009, the Historic Texas Highways documents the history of early automobile roads including the historic Bankhead Highway that ran from Texarkana to El Paso and the historic Meridian Highway that ran from the Oklahoma border down to Waco and then split off toward both Laredo and Galveston.

Local Government Efforts

THC works with more than 70 local governments through a federal program of Certified Local Governments, and with 254 County Historical Commissions that include about 5,000 individuals donating service in support of heritage programs at the county level. THC also provides guidance to the more than 900 history museums across Texas, as well as manage over 16,000 markers, a number that increases by about 200 every year, and helps to identify, mark and protect historic cemeteries.

State Franchise Tax Credit

Established by the 83rd Legislature in 2013, the program offers owners of historic properties the opportunity to take a 25 percent tax credit on qualified rehabilitation work. Combined with the 20 percent federal preservation tax credit, projects can earn a 45 percent tax credit.

Grants & Other Work

THC maintains the Texas Historic Preservation Trust Fund, and the interest is used to make grants to support preservation projects, many of which go toward the development of resources that inspire heritage tourism. THC also oversees the process for listing properties on the National Register of Historic Places as well as two state level designation processes.

In 2015, THC released a new statewide guide to historic places in Texas as well as a new guide to places associated to Hispanic Heritage, released in both English and Spanish. THC has also produced seven mobile tours for its Texas Time Travel Tours app, with four more tours in the works. Mobile tours include film clips and a multimedia experience of Texas heritage tourism sites.

Youth Education

THC employs a full-time youth education specialist tasked with developing lesson plans and other history related programming for young Texans. Furthermore, THC has education specialists at many of our state historic sites and have used several of them as the basis for “Teaching With Historic Places” lesson plans.

THC participates in the annual educator’s conference at Old Red in Dallas, a building that was restored through the courthouse program. THC partners with the State Preservation Board at the Bullock Museum on an annual educator’s workshop called the “Story of Texas.” Additionally, THC works closely with its partners at the Texas State Historical Association on several of their educational programs.

In 2015, THC was a primary sponsor (along with Chairman John Nau) of the first Texas Youth Summit focused on heritage preservation. The summit was hosted in San Antonio in partnership with the National Park Service at the newly-designated World Heritage Sites, the missions. In

2016, THC sponsored a second summit in Austin and Johnson City focusing on President Lyndon B. Johnson's legacy as the signer of the National Historic Preservation Act in 1966, 50 years ago.

San Felipe de Austin Heritage Learning Project:

Working in conjunction with THC, Coastal Environments, Inc. (CEI) helped assess the proposed construction site for a new visitors center at San Felipe de Austin. As part of this project, CEI teamed with THC to form the San Felipe de Austin Heritage Learning Project. CEI archeologist, Dr. Jon Lohse, reached out to Carol Salva, a special education teacher from the Spring Branch Independent School District in Houston, to involve students in authentic, problem-oriented learning opportunities. The San Felipe de Austin Heritage Learning Project is an ongoing initiative that uses archeology at the birthplace of Texas independence to create excitement about learning.

Economic Impact of Heritage Tourism

- Heritage tourism is a \$7.3 billion dollar industry in Texas and accounts for more than 10.5 percent of all travel in Texas.
- Heritage tourists generate an estimated \$2.26 billion in direct spending.
- According to EDT research, heritage tourists account for more direct spending and longer stays than average tourists.

The Alamo

Seeking to improve the stature of one of the world's most iconic monuments, the 84th Legislature appropriated over \$30 million to the General Land Office to repair the Alamo and to implement a master plan for the Alamo complex. In October 2015, the City of San Antonio and the Texas General Land Office entered into a Cooperative Agreement with the Alamo Endowment to oversee and fund the development of a Joint Master Plan and the implementation of that plan for the Alamo Historic District and Alamo Complex.

In November 2016, the Alamo Management Committee and Alamo master planner, Dr. George C. Skarmeeas, presented the first round of Master Plan concepts. The intent of the Alamo master plan is to improve the visitor experience at the historic Alamo mission by redesigning the Alamo complex and surrounding area to tell the 300-year story of the site: from the pre-colonial period to initial construction of the mission in 1724, to the world renowned Texas revolutionary Battle of 1836, to the present day and its role in the evolution of San Antonio. The proposed strategies and planning concepts will be developed further over the next several months and a final master plan is expected to be ready in late May 2017.

In order to finance implementation of the final plan over the next biennium, the General Land Office has requested an additional \$75 million from the legislature. Unofficial estimates of the total cost of the Alamo Master Plan, which is expected to take five years or more to plan and carry out, range from \$250-300 million.

If the \$75 million is approved by the 85th Legislature, it will bring the State's contribution to more than \$100 million. In addition, \$200 million is expected to be raised from private donors, and the City of San Antonio is expected to contribute about \$20 million in funds from a 2017

bond.

Recommendations

- Fund programs that promote and improve tourism, youth education and economic development at increased or existing levels over the next biennium.
- Restore funding to programs that, despite reduced funding from the legislature, continue to provide significant return on investment, including the Moving Image Industry Incentives Program and Texas Heritage Trails Programs.
- Fully fund the Legislative Appropriation Request from the General Land Office to support the implementation of the Alamo Mission Complex Master Plan.

Interim Charge #5

Conduct legislative oversight and monitoring of the agencies and programs under the committee's jurisdiction and the implementation of relevant legislation passed by the 84th 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 COMMISSION ON THE ARTS

Overview

The Texas Commission on the Arts was created by the Texas Legislature in 1965 as the Texas Fine Arts Commission with the aim of coordinating efforts to develop an appreciation of the fine arts in Texas. In 1967, the commission was made permanent and its name was changed to the Texas Commission on the Arts and Humanities. Over the next decade, the commission promoted a number of art promotion projects in Texas. In 1979, the agency's name was changed to its current name, the Texas Commission on the Arts.

Mission and Duties

The stated mission of the Texas Commission on the Arts is, "to advance our state economically and culturally by investing in a creative Texas." Among others, the duties of the Commission include:

- Fostering the development of a receptive climate for the arts that will culturally enrich and benefit state citizens in their daily lives.
- Attract additional outstanding artists to become state residents.
- Make visits and vacations to the state more appealing to the world.

Agency's Fiscal Status

The Texas Commission on the Arts experienced a 32 percent increase in funding in the last legislative session. An approximate \$3.5 million increase in General Revenue will provide the agency with a total budget just short of \$18 million. The largest portion of the additional funds have gone to the agency's largest appropriation, Arts and Cultural Grants. Cultural Tourism Grants were appropriated nearly \$5 million more than the last biennium. The funds were appropriated by the legislature contingent on appropriation to the commission's cultural and fine arts districts. The majority of other funding, approximately \$10 million, is spent on Arts Organization and Education Grants.

Challenges and Opportunities

Funding Increase

Over the last few sessions, the Texas Commission on the Arts has seen a substantial increase in funding. The 2012-2013 biennium budget appropriated approximately \$3.5 million in GR funding, and approximately \$2 million in GR Dedicated funding. For the 2016-2017 Biennium TCA received approximately \$14.5 million in GR funding. The funding increase has provided a substantial boost to the Commission's ability to fulfill its mission in the State of Texas. In 2015, TCA provided 193 Texas cities with grants, provided some funding to every Senate District, and 116 of the 151 house districts. The Arts generate \$5.1 billion for the state's economy and contribute \$320 million in state sales tax revenue annually. Through TCA grants, arts projects across the state have received additional funding and support otherwise unavailable. Additional funding could be used to expand well-established and proven TCA programs.

Cultural Districts Appropriation

The past legislative session appropriated \$5 million in General Revenue to support cultural districts in Texas. The 79th Legislature created the cultural districts program, which allows TCA to designate special districts in cities across Texas that are designed to generate business, attract tourists, stimulate cultural development, and promote the arts. Among the goals of the cultural district is to attract artists and cultural enterprises to the community, encourage business and job development, establish tourism destinations, and foster local cultural development. There are currently 28 cultural districts across Texas ranging from large to small and urban to rural. The 2016-2017 biennium has appropriated more money to the districts program since the project's inception and the funding can be used to provide grants to organizations developing and supporting the cultural district.

Rural Initiatives

As part of the mission of TCA, the agency is required to promote the arts all across Texas. However, due to the size of Texas rural areas are often missing developed artistic programs. Arts-based activities are often helpful in diversifying rural economies, generating net revenues, improving community life, and attracting investment. One TCA Program, the Texas Touring Roster, provides affordable high quality artists to rural communities. Nonprofit organizations apply to TCA to support their work to bring artists to their communities. The program not only helps to support Texas artists, but also helps provide rural areas with access to artists of all disciplines and genres. Additional funding for the program would enable TCA to expand their rural initiatives.

Arts Education and Organization Grants

TCA provides a large number of grants to nonprofit organizations through a large variety of programs. In FY2015, the agency served over a million Texas youth through TCA Education Grants. One grant to Creative Kids, for example, helped support an arts and digital media program for patients at a hospital in El Paso. Another grant from FY2015 went to Camp Phoenix to help support free therapeutic arts and wellness classes for children with mental health needs in rural Texas counties. Further funding would allow TCA to expand the number and size of their grants to arts communities across the state.

TEXAS STATE LIBRARY AND ARCHIVES COMMISSION

Overview

The Texas State Library and Archives Commission was created in its modern form in 1909. While the existence of the state archives existed long before this time, 1909 was the first time both the State Library and the Archives were contained in one agency. The original name of the agency was the Texas Library and Historical Commission, but the Texas Historical Commission was created in 1959 as a separate entity. The name would change to reflect this change in the 1970s. Since then, the commission has maintained largely the same mission and vision, continuing to add programs and react to the modern digital world. The commission underwent its most recent Sunset Review in 2007 and will be reexamined in 2019.

Mission and Duties

The stated mission of the Texas State Library and Archives Commission is, "To provide Texans access to the information they need to be informed, productive citizens by preserving the archival record of Texas; enhancing the service capacity of public, academic, and school libraries; assisting public agencies in the maintenance of their records; and meeting the reading needs of Texans with disabilities." Among others, the duties of the Commission include:

- Govern the Texas State Library
- Adopt policies and rules to aid and encourage the development of and cooperation among all types of libraries, including public, academic, special, and other types of libraries.
- Conduct library institutes and encourage library associations
- Take custody of, preserve, and make available for public use state records and other historical resources that document the history and culture of Texas as a province, colony, republic, or state.
- Aid and encourage, by adoption of policies and programs, the development of effective records management and preservation programs in state agencies and the local governments of the state

Agency's Fiscal Status

The 84th Legislature increased General Revenue funding for the Texas State Library and Archives Commission by 34 percent. An increase of nearly \$8 million by the legislature brought the total GR funding for the agency to nearly \$32 million. Despite the substantial increases in funding, the final budget for the agency still remains well below the 81st Legislature budgetary totals. The 82nd Legislature reduced funding for the agency by over 65 percent, forcing the agency to cut multiple programs. The budget for the 2016-2017 biennium is still short nearly \$10 million in General Revenue Funding from its 81st Legislature totals despite its additional required programs, Texas' population growth, and increased federal funding. The final budgetary total for TSLAC, including federal funds, in the 2016-2017 biennium was \$64,162,540.

Challenges and Opportunities

Shared Digital Content

Shared Digital Content makes up the largest portion of TSLAC's budget, with "Library Resource Sharing Services" being appropriated nearly \$24 million in the 2016-2017 biennium. Shared Digital Content includes work on the TexShare Program and the TexQuest program. The TexShare Program provides access to a number of databases to libraries across the state and are accessible by members of the general public. Each year, Texans log in over 180 million times to TexShare databases and download over 50 million informational items. The TexQuest program was reinitiated after an increase in funding last session and offers curriculum support resources for K-12 students. Additional funding would enable TSLAC to expand the program further, acquire additional resources, and improve the system.

Electronic Records Archive

As part of fulfilling the primary duties of TSLAC and through funding from the 2016-2017 budget, the agency has created an electronic records archive. As the world moves into an increasingly digital age, the agency argues that the archive promotes transparency, protects the

state from liability, and saves money. A digital archive will also drastically increase the public's ability to access government records while also protecting materials of historical or legal value through preservation online. When fully implemented, a digital archival program will save taxpayers approximately \$5.8 million yearly. A number of resources are already accessible digitally, including historical photographs of famous people and places in Texas, the Don Kelly Postcard Collection, and the collection of documents from the Office of Rick Perry. The agency has begun archiving records from a number of state agencies. Additional funding would allow for the expansion and maintenance of the program.

Library Services Grants

TSLAC has a number of programs which provide supplemental funding to local libraries to improve their programs and help their communities. TSLAC was appropriated for the 2016-2017 biennium \$5 million for all of their grant programs. Most of the grant awards remain small. For the Texas Reads Grant, which provides funds to public libraries to promote reading and literacy in local communities, the maximum grant award is \$5,000. Another grant program, TexTreasures, provides funds to improve access to public libraries' special collections with a maximum award of \$20,000. A number of other beneficial grant programs supporting public libraries are funded through TSLAC.

State and Local Records

One of TSLAC's primary duties is to provide records management assistance to state agencies and local governments. TSLAC is responsible for 82,800 cubic feet of records, and for providing records management assistance to 158 state agencies and over 10,000 units of local government. The amount of data, which TSLAC is responsible for managing, increases proportionally along with Texas' population growth. TSLAC was appropriated in 2016-2017 nearly \$4 million for state and local record management. As Texas' population continues to increase, more funding may be necessary to provide the same level of service for state agencies and local governments.

Facilities

TSLAC is currently working with the Texas Facilities Commission to determine the feasibility of the construction of a new documents storage center. The current facility is over 40 years old and according to the agency the facility continues to have issues which affect the preservation of documents stored within. In addition, the current facility is not large enough for the long term growth predicted in Texas. A new facility would help preserve critical government documents and aid the agency in storing the ever increasing number of records, photographs, maps, and documents.

E-Book Acquisition

In line with the other missions of TSLAC and the agency's Shared Digital Content Programs, one of the primary questions of the day for libraries is e-books. With the shift to the digital age, e-books are becoming increasingly popular among readers and additionally cannot become lost or deteriorate. Currently, businesses are hesitant to sell libraries access to e-books except in small numbers and at great cost. TSLAC is continuing to monitor possibilities for creating a centralized archive of e-books for libraries, and while the benefits are significant, substantial obstacles remain. A statewide e-book program would bring significant quantities of shared

content to libraries across the state, especially rural libraries, which frequently lack the budgets to gain access to these resources.

TEXAS HISTORICAL COMMISSION

Overview

The Texas State Legislature established the agency in 1953 as the Texas State Historical Survey Committee with the task to identify important historic sites across the state. The Texas Legislature changed the agency's name to the Texas Historical Commission (THC) in 1973. Along with the name change came more protective powers, an expanded leadership role, and broader educational responsibilities. The commission is composed of 11 citizen members appointed by the governor to staggered six-year terms. Agency employees work in various fields, including archeology, architecture, history, economic development, heritage tourism, public administration, and urban planning.

THC serves as the State Historic Preservation Office (SHPO), as required by the National Historic Preservation Act of 1966 (NHPA), as amended. The NHPA directs all states to administer federal preservation laws and policies. These policies and programs serve as the foundation for all SHPOs and for a unified national historic preservation effort.

Mission and Duties

The stated mission of the Texas Historical Commission is, “To protect and preserve the state’s historic and prehistoric resources for the use, education, enjoyment, and economic benefit of present and future generations.”

Agency's Fiscal Status

The 84th Legislature appropriated \$64.3 million to THC in the 2016-17 General Appropriations Act, a substantial increase from the previous biennium. In fact, THC’s budget had been reduced in each of the three previous state budgets prior to the 84th Legislative Session. Although the increased funding enabled THC to restore many of the FTEs that were lost due to previous budget reductions, THC still has 8 fewer FTEs than it did in 2010.

Challenges and Opportunities

National Museum of the Pacific War

THC and the Admiral Nimitz Foundation formed a partnership to preserve the historic resources of the National Museum of the Pacific War and guide the expansion of the Museum. The museum is the only institution in the U.S dedicated exclusively to telling the story of the Pacific and Asiatic Theaters in World War II. The Japanese Garden of Peace, one of the most popular features of the museum, is being completely restored and will continue to be a place of contemplation for visitors. The Pacific Combat Zone is also being restored in order to provide improved service to visitors. In progress is a new exhibit highlighted “the PT boat,” one of the only surviving PT boats in the world that saw action in the Pacific.

San Felipe de Austin

San Felipe de Austin, which is the location where Stephen F. Austin established his colony in 1823, is considered by THC to be its most significant project over the next couple of years. Although the colony burned down in the 19th Century, the land remains as it was left that day, making it one of the most significant archeological sites in Texas. After many years of lacking an adequate museum or visitors center, THC used new funding from the legislature to break ground on a new visitors and information facility in 2016.

Historic Texas Courthouse Preservation Program

With a \$15 million increase in funding, the Historic Texas Courthouse Preservation Program was much more successful in 2015. However, current funding levels are still well-short of the nearly \$45 million appropriated in years past. In order to preserve all of the remaining historic courthouses, previous high funding levels would be necessary.

State Franchise Tax Credit

In the 2015 Legislative Session, the state franchise tax credit was amended to clarify the availability of that credit to nonprofit property owners who can sell the credit to assist them in carrying out their projects. THC reports that this change has proven to be successful. THC is currently working with several nonprofit organizations on new preservation projects.

Sporting Goods Sales Tax Revenue

The 84th Legislature passed HB 158 to ensure that the full allocations of the Sporting Goods Sales Tax revenue were dedicated to THC and TPWD. However, subsequent passage of SB 1366 in the same session nullified certain provisions from HB 158, which resulted in THC not getting its full 6 percent allocation, falling short in excess of \$3 million.

Texas Heritage Trails Program

The Texas Heritage Trails Program was not funded in the 2016-17 State Budget. The Texas Heritage Trails Program is the state's primary heritage tourism delivery system. This economic development initiative encourages communities, heritage regions, and the state to partner and promote Texas' historic and cultural resources. These successful local preservation efforts, combined with statewide marketing of heritage regions as tourism destinations, increase visitation to cultural and historic sites, and bring more dollars to Texas communities. This, in turn, supports THC's mission to protect and preserve the state's historic and prehistoric resources for the use, education, economic benefit, and enjoyment of present and future generations.

For over a decade, this program has been administered by THC through nonprofit entities established in each of the ten trail regions. The funds necessary to maintain the program have been provided through the Federal Highway Administration's highway enhancement program in partnership with TxDOT (THC and TxDOT being two of the five state agencies statutorily mandated to work in partnership in promoting travel in and to Texas). Unfortunately, federal enhancement funds are no longer available. As such, in order to continue this state program, THC will require state funding in years to come.

ENDNOTES

- ¹ Texas A&M Forest Service, "State of Texas Hazard Mitigation Plan," 2013.
- ² Ibid
- ³ Ibid
- ⁴ Ibid
- ⁵ Ibid
- ⁶ Texas Legislative Council, "Hazard Mitigation and Preparation in Texas and Certain Other States," August 18, 2016.
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