



**Agenda Item:** Discuss and Consider Approval of the 2021 State Legislative Agenda

**Background:** The proposed legislative agenda was prepared by Ryan Brannan and addresses the following items:

- GLO Funding for local coastal programs (Galveston)
- Pre-positioned GLO contracts for Emergency Debris Removal
- Improve GOMESA reimbursement grant funding
- Additional funding options beyond Hotel Occupancy Taxes
- Texas Windstorm Insurance Association

**Staff Recommendation:** Staff recommends the approval of the legislative agenda as presented.



## **Park Board of Trustees of the City of Galveston 2021 Legislative Agenda**

The Park Board of Trustees of the City of Galveston is a governmental entity created by a special act of the Texas Legislature in 1962 for the purpose of directing all tourism efforts for Galveston.

*The Park Board of Trustees' mission is to promote Galveston Island, its natural resources, attractions, and heritage; to attract visitors to Galveston Island.*

### **Board of Trustees**

Spencer Priest, Chairman  
Will Wright, Vice Chairman  
David Collins, City of Galveston Council Liaison  
David Jacoby, Treasurer  
Maureen Patton  
Joan Marshall  
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### **Chief Executive Officer**

Kelly de Schaun

### **Chief Financial Officer**

Bryson Frazier

The Park Board of Trustees of the City of Galveston supports initiatives that support travel and tourism, encourage economic development, allocate resources for the protection of important natural resources and opposes legislation threatening the economy of the state and the recognition of Texas as a welcoming destination for leisure travel, meetings, conventions, and events. We encourage policy makers to work to ensure that Texas capitalizes on the benefits of tourism to the local and state economy.

The Park Board has identified the following items as top priorities for the 87<sup>th</sup> State Legislative Session. The organization will align itself where appropriate with state travel and tourism or beach management associations to support statewide initiatives. In other cases, the Park Board will take the lead on educating policy makers as to the challenges, needs and assistance identified here.

## Travel and Tourism Funding

The Governor's Office of Economic Development houses the Travel Texas office. The Park Board supports state economic development efforts by Texas Tourism to market the state as a tourist destination in domestic and international markets, thereby generating non-Texan travel to the state and ultimately creating revenue and jobs.

**Position:** Work with the Texas Travel Alliance and Texas Hotel & Lodging Association to ensure full funding for Texas Tourism marketing efforts and programs, including the Event Trust Fund Program.

## Hotel Occupancy Tax (HOT)

Tourism is the lifeblood for the City of Galveston economy, significantly impacting business sales, employment, and tax revenue. The Galveston Park Board of Trustees receives the most significant share of HOT revenues that are used for advertising and promotional programs, cleaning and maintaining beaches, and lifeguard services on the Island's beaches. The City receives "trickle down" funds, an amount that reverts to the City after key distributions are made to the Park Board, convention center bond debt service, and convention center operations. City HOT revenues support rail trolley and rubber wheeled trolley operations that transport visitors between The Strand District area and beaches, restaurants and hotels along the Seawall. At a time when needed the most, HOT revenues are struggling to recover from the economic impacts of COVID-19.

**Position:** The Park Board of Trustees joins the City of Galveston in protecting the current collection and use of HOT revenues that are for supporting tourist related needs that contribute to local and state economic strength.

## GLO Funding for local coastal programs (Galveston)

Galveston has traditionally benefitted from a beach maintenance reimbursement grant from the Texas General Land Office. Over the past several years as visitation has increased, funding has decreased from \$255,696 in 2010 to \$88,376 in 2017. The State requires Open Beaches and access every ½ mile along the coast. Of the 44 Galveston access points, costs are recovered through Beach User Fees at only 4 points. Between 2014 to 2017, the Galveston Island Park Board recovered only 2.11% of the total expenditures made on behalf of the State in maintaining Galveston beaches open to the public. This pales in comparison with the percentage of other coastal destinations are receiving, especially when considering the density of visitation to Galveston. Brazoria County recovered 13.12% of their costs over the same period, Galveston County recovered 9.24%, South Padre recouped 5% and Matagorda County recovered 10.01%.

**Position:** Work with the Texas General Land Office to advocate for increased funding for Galveston Island based on alternate criteria.

## Pre-positioned GLO Contracts for Emergency Debris Removal along the coast

Following on Hurricane Ike, in 2011 Galveston representative Craig Eiland authored and passed a bill which amended language in the Natural Resource Code section 61.067 (a-1) to recognize the Texas General Land Office as the sole authorized recipient for federal (FEMA) funding for coastal debris removal. Prior to this amendment, the Park Board of Trustees was a qualified recipient to receive FEMA disaster recovery funding for authorized remediation actions along the Galveston coast. The inclusion of the amendment has blocked the Park Board and other municipalities from receiving emergency relief funding for responding to extraordinary events in our communities that was previously available.

The FEMA Policy Guidebook delineates the required documentation needed to guide agreements between federal, state and local authorities. It is possible to create, sign and have in place pre-positioned contracts that would allow the Park Board to react under authorization from the GLO and in the case of a federally declared emergency and recoup expenses incurred in clean up and recovery.

**Position:** Work towards the development and signing of pre-positioned contracts between the GLO and Park Board of Galveston for emergency debris removal in Galveston.

## Improve GOMESA Reimbursement Grant Funding

The General Land Office (GLO) oversees the administration and distribution of the Gulf of Mexico Energy Security Act (GOMESA) funds to selected projects as authorized under Public Law 109-432. GOMESA was enacted in 2006 and requires the Bureau of Ocean Energy Management (BOEM) to disburse a certain percentage of all qualified Outer Continental Shelf revenues, including bonus bids, rentals and production royalty to four Gulf producing states (Alabama, Louisiana, Mississippi, Texas), their coastal political subdivisions and the Land & Water Conservation Fund for coastal restoration projects. The amount distributed to each state and political subdivision is based on the sections of lease tracts that open each year and the distance from those sections to the states and political subdivisions. Since GOMESA funding is dependent on oil prices and lease sales, it is unknown exactly how much funding each state will receive each year. BOEM does a calculation of the previous year's OCS revenue for GOMESA funding and then deposits those funds into state treasuries the following April without prior notice or estimations of the deposit amounts.

Texas expects to receive a significant increase in GOMESA funding with the beginning of Phase II. To maximize this opportunity, the GLO is working to further initiatives that efficiently and effectively advance GLO coastal priorities. The GLO will use GOMESA funds to support projects that meet the GOMESA authorized uses, Coastal Management Program (CMP) or Coastal Erosion Planning and Response Act (CEPRA) Program goals and objectives, and GLO priorities identified in the Texas Coastal Resiliency Master Plan.

GOMESA funding will be disbursed each distribution year for eligible projects based on the following percentages: the CEPRA program will receive approximately 65%, the CMP will receive approximately 15%, and the remaining approximate 20% will be used for planning, administration and to facilitate the

initiation and completion of other coastal projects. Not more than 3% of the total amount received by the state can be used on planning assistance and administrative costs pertaining to distribution GOMESA funds under this program. GLO planning assistance and administrative costs may include expenses such as personnel, supplies, equipment, services and other expenses related to administering the program; grant monitoring activities, programmatic studies, planning, and auditing; and public or community relations activities

The current disbursement method has several significant problems. The flexibility tool needs to be improved to aid in timely disbursement. For instance, the current disbursement does not align with busy months when funding is needed more than non-busy months.

**Position:** Work with the Texas General Land Office to advocate for increased funding and improved flexibility with GOMESA funds including a reimbursement grant.

### Consider additional funding options beyond Hotel Occupancy Taxes

In 2019, the Texas legislature passed into law a dedicated mechanism to assure continued funding of certain measures to combat coastal erosion. The law provides for the temporary allocation of a percentage of the revenue derived from the hotel occupancy tax levied in certain coastal counties to the coastal erosion response account to benefit those coastal counties.

While this legislation was very important in giving coastal erosion measures a dedicated funding stream, safe from competing for general revenue dollars, recent events have shown the need for additional revenue streams. Park Board revenue estimates indicated it could take years to recover the funds to fund its budget needs. Additionally, current beach user fees do not cover the increased costs of maintaining safe public beaches on the Island.

The Park Board has been working with the GLO to increase the amount that can be charged for parking along the sea wall, and progress is starting to be made on that front. The Park Board should continue to work with the GLO on this front, as well as consider other revenue options such as a beach pass. Bolivar, for example, currently has a \$10 beach permit sticker that helps generate revenue.

**Position:** Work with the Texas General Land Office to advocate for additional revenue streams beyond the hotel occupancy tax.

### Texas Windstorm Insurance Association

Last session, the Texas Legislature passed HB 1900, the most pro-coastal TWIA legislation in 40 years. Two sections of the bill created interim legislative committees to study aspects of TWIA. One committee was to study the funding structure of TWIA and propose changes to how TWIA is structured. The other committee was to study TWIA and the FAIR plan including the tort protections that are offered, and make recommendations for legislative changes. Neither of these committees met due to COVID-19 restrictions. Legislation needs to be passed to extend the dates of these committees so that they can meet next interim and accomplish the goals of HB 1900.

**Position:** Work with the Coastal Windstorm Insurance Coalition and other partners to pass legislation allowing HB 1900 to work as intended, specifically by extending the dates for the two interim committees.