

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 2, 2015

TO: Honorable Angie Chen Button, Chair, House Committee on Economic & Small Business Development

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB2667** by Ashby (Relating to the abolition of certain programs and funds administered by the Texas Economic Development Bank.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2667, As Introduced: a negative impact of (\$11,001,000) through the biennium ending August 31, 2017.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	(\$11,001,000)
2017	\$0
2018	\$0
2019	\$0
2020	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i>	Probable Revenue Gain/(Loss) from <i>Economic Development Bank</i>	Probable Revenue Gain/(Loss) from <i>Small Business Incubator Fund</i>	Probable Revenue Gain/(Loss) from <i>Texas Product Development Fund</i>
1		5106	588	589
2016	(\$11,001,000)	\$1,650,000	(\$19,750,000)	(\$15,714,000)
2017	\$0	\$2,195,000	(\$269,000)	(\$1,926,000)
2018	\$0	\$2,195,000	(\$269,000)	(\$1,926,000)
2019	\$0	\$2,195,000	(\$269,000)	(\$1,926,000)
2020	\$0	\$2,195,000	(\$269,000)	(\$1,926,000)

Fiscal Analysis

The bill would abolish the Linked Deposit, Capital Access, Product Development and Small

Business Incubator, and the Texas Small Business Industrial Development Corporation programs. The bill would transfer all revenue or other money of the Texas Small Business Industrial Development Corporation to the Economic Development Bank. The bill would take effect September 1, 2015.

Methodology

The fiscal impact of the bill were based on the Comptroller's 2016-17 Biennial Revenue Estimate.

It is assumed that all of the projected cash balances in the 2016-17 Biennial Revenue Estimate of the Small Business Incubator Fund 0588 and the Texas Product Development Fund 0589 would be used to pay for \$45,000,000 in issued bonds pursuant to the provisions of the Texas Constitution, Article 16 Section 71 under which the bonds were issued. Since the balances of those funds are not sufficient to fully pay for issued bonds, \$11,847,000 would be paid from General Revenue. Outstanding encumbrances and obligations of the funds could decrease the amount of cash balances available and increase the amount of General Revenue required to pay for outstanding bonds.

Based on provisions of the bill, fees generated by the Texas Small Business Industrial Development Corporation under Chapter 503, Local Government Code, and deposited outside the state Treasury would be transferred to GR. The Governor's office estimates these fees to be \$846,024. The sum of those two components will be a GR loss of \$11,001,000.

Loan repayment revenues that are currently deposited to Funds 588 and 589 would be deposited to General Revenue - Dedicated Economic Development Bank Account No. 5106 on September 1, 2015. The Comptroller estimates that amount to be \$2,195,000 per fiscal year.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 301 Office of the Governor, 304 Comptroller of Public Accounts

LBB Staff: UP, CL, EP, LBe, KVe