

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATURE 1st CALLED SESSION - 2003
Revision 1

July 9, 2003

TO: Honorable David Swinford, Chair, House Committee on Government Reform

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB64 by Cook, Robby (Relating to the abandonment of proceeds distributable on reorganization of an insurance company.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB64, As Introduced: a positive impact of \$6,500,000 through the biennium ending August 31, 2005.

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
2004	\$0
2005	\$6,500,000
2006	(\$1,625,000)
2007	(\$1,625,000)
2008	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND</i> 1
2004	\$0
2005	\$6,500,000
2006	(\$1,625,000)
2007	(\$1,625,000)
2008	\$0

Fiscal Analysis

This fiscal note is being revised to incorporate new information provided by the Comptroller's Office.

The bill would amend budgetary and fiscal management statutes regarding state government and certain regional entities. In this fiscal note, only those provisions with a fiscal impact are discussed, namely, articles 4 and 5.

Article 4 would authorize the state auditor to assist the governor in drafting rules for regional planning commissions.

Article 5 would amend the Property Code to establish that property distributable in the course of a

demutualization, rehabilitation, or related reorganization of an insurance company would be presumed to be abandoned on the first anniversary of the date the property becomes distributable if, *at the time of the first distribution*, (1) the last known address of the owner was known to be incorrect or the correspondence with the owner was returned by the post office, and (2) the owner had not communicated with the holder of the property

Methodology

The State Auditor's Office states the new requirements related to regional planning commissions could be accomplished within existing resources.

The Comptroller's Office provided the estimate of the return to the state from the distribution of property resulting from demutualization.

The state receives revenue from its role as custodian of unclaimed property. The state would accelerate its collection of revenue by the change in the dates applicable to this process. The revenue losses in 2006-07 reflect the effect of the acceleration of revenues into 2005. The losses would not be as great as the gains in the preceding biennium because future demutualizations could be expected to exert partially offsetting effects.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 696 Department of Criminal Justice, 781 Higher Education Coordinating Board, 301 Office of the Governor, 304 Comptroller of Public Accounts, 308 State Auditor's Office, 454 Department of Insurance

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