

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**April 22, 2003**

**TO:** Honorable Jim Keffer, Chair, House Committee on Economic Development

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: HB2213** by Naishtat (Relating to the creation of the individual development account program to provide savings incentives and opportunities to eligible low-income, working individuals.),  
**As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2213, As Introduced: a negative impact of (\$1,000,000) 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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2004	(\$500,000)
2005	(\$500,000)
2006	(\$1,250,000)
2007	(\$1,250,000)
2008	(\$1,250,000)

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable (Cost) from GENERAL REVENUE FUND 1</b>
2004	(\$500,000)
2005	(\$500,000)
2006	(\$1,250,000)
2007	(\$1,250,000)
2008	(\$1,250,000)

Given the limited amount of federal Temporary Assistance for Needy Families (TANF) funding, General Revenue is assumed as the method of financing for this fiscal note. Should additional TANF funding become available for purposes covered by this program, portions of the General Revenue cost assumed above could be financed with TANF funds.

**Fiscal Analysis**

The bill would amend Title 4 of the Labor Code by adding Chapter 312 requiring the Texas Workforce Commission (TWC) to develop and implement an individual development account (IDA) program for low-income individuals.

The bill would take effect September 1, 2003.

## **Methodology**

TWC assumes the program would operate in a manner similar to the geographically-based pilot program authorized by Section 301.068 of the Labor Code, which expires September 1, 2005.

TWC assumes the new program would serve 438 individuals at five sites across the state, two more sites than are part of the pilot program. Based on its experience with the pilot program, TWC estimates a cost of \$250,000 per site, including administrative costs and matching funds for approved withdrawals from IDAs.

## **Local Government Impact**

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

**Source Agencies:** 320 Texas Workforce Commission

**LBB Staff:** JK, JO, JRO, RT, JC