

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 2, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB3549 by Keffer, Jim (Relating to the establishment, operation, and funding of an economic development bank; authorizing programs and services within the bank;), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would establish the operation and funding of an economic development bank. The bill would require the Texas Economic Development Office (TEDO) to establish the Texas Economic Development Bank (TEDB). The bill would create the GR Account - Texas Development Bank, which would consist of transfers from GR Account 5035 - Capital Access and the Texas Leverage Program Trust Fund 0851, investment earnings, fees charged by the bank, federal funds and any other amounts received by the state. TEDO would administer the account and have the power to invest deposits in obligations, impose and collect a fee for its service, and issue bonds for economic development projects. TEDB would include, but not be limited to the following 11 programs and services designated by this bill: Texas Small Business Industrial Development Corporation; Industrial Revenue Bond Program; Texas Leverage Fund; Capital Access Program; Linked Deposit Program; Small Business Incubator Fund; Enterprise Zone; Defense Economic Readjustment Zones; Grants to Local Areas Affected by Defense Base Reductions and Revolving Loans to Communities Potentially Affected by Defense Base Reduction Process. The bill would allow money from the General Revenue Fund 001 to support the Texas Leverage Fund. The bill would transfer certain certification responsibilities to the Comptroller's Office from TEDO.

Currently, all 11 of the programs addressed by the bill exist. The Texas Small Business Incubator Program is under the Comptroller's Office, with no account or fund set up for it. The repeal of Section 481.023(c) would potentially allow money from the General Revenue Fund 0001 to support the Texas Leverage Fund.

To the extent that the bill resulted in additional projects qualifying under the Development Corporation Act for public use, taxable property values could be reduced. Section 403.302 of the Government Code requires the Comptroller to conduct a property value study to determine the total taxable value for each school district. Total taxable value is an element in the state's school funding formula. Passage of the bill could result in a change in school district taxable values reported to the Commissioner of Education by the Comptroller and an increase in state costs to the Foundation School Fund

The Comptroller's Office estimates that the new responsibilities would result in additional costs of \$425,573 for fiscal year 2004 and \$108,881 for fiscal year 2005 to amend rules, update publications, notify taxpayers via the Legislative Update and certify that jobs met the bill's criteria. Although TEDO did not report any potential costs savings, it is assumed that the additional costs for the Comptroller's office would be partially offset by costs savings at TEDO.

Local Government Impact

Since currently all 11 of the programs addressed by the bill exist, no additional significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 480 Texas Department of Economic Development
LBB Staff: JK, JRO, WP, DLBe, KG