

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 11, 2003

TO: Honorable Teel Bivins, Chair, Senate Committee on Finance

FROM: John Keel, Director, Legislative Budget Board

IN RE: SB1371 by Duncan (Relating to state fiscal matters; making an appropriation.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1371, As Introduced: a positive impact of \$483,000 through the biennium ending August 31, 2005.
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General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$0
2005	\$483,000
2006	\$390,000
2007	\$313,000
2008	\$287,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1
2004	\$0
2005	\$483,000
2006	\$390,000
2007	\$313,000
2008	\$287,000

Fiscal Analysis

The bill would amend various provision of current law relating to state fiscal matters.

The savings shown above result from a provision related to interest paid under the prompt pay law.

The bill would repeal the statutory cap on borrowing related to temporary cash flow shortages in the general revenue fund. Currently the limit is twenty-five percent of revenues credited to the general revenue fund for the fiscal year. The bill would allow the Cash Management Committee to set the limit.

The bill would authorize the Comptroller to borrow certain funds managed by or in the custody of the Comptroller, including funds held outside the state treasury. The borrowing would be done in order to prevent temporary cash flow deficiencies in the general revenue fund. The bill would appropriate to the Comptroller from the general revenue fund amounts necessary to return the transferred cash and maintain the equity of funds from which transfers are made. Regardless of the period such funds are

borrowed, interest is credited to the funds as if the borrowing did not take place. If the Comptroller submits a revenue estimate while cash transferred under this provision is in the general revenue fund, the Comptroller is required to indicate that the transferred revenue is not available for appropriation.

The bill would authorize the Comptroller to do performance audits of school districts and institutions of higher education without a request from the governing body of the school or institution.

The Texas Higher Education Coordinating Board indicates that there would be costs of \$260,208 in fiscal year 2004 and \$225,208 thereafter and an increase of four employees. These costs and increases in the number of employees relate to energy performance measures contained in the bill. The costs could be possibly offsetting by savings from reduced energy consumption by institutions of higher education.

Methodology

The estimates of interest savings were provided by the Comptroller of Public Accounts.

Local Government Impact

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

It is possible that some of the money borrowed from outside the treasury under the Comptroller's expanded authority would be local government revenue such as local government sales tax revenue. The bill appropriates general revenue to repay the borrowing in fiscal year 2003 and fiscal years 2004 and 2005. After fiscal 2005, the impact on local governments would depend on legislative appropriations to repay any amounts borrowed from local governments funds held by the Comptroller.

The bill authorizes school districts to also contract for and implement the energy performance measures contained in the bill. Any costs to school districts could possibly be offset by savings from reduced energy consumption.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 301 Office of the Governor, 304 Comptroller of Public Accounts, 327 Employees Retirement System, 696 Department of Criminal Justice, 701 Central Education Agency, 781 Higher Education Coordinating Board

LBB Staff: JK, SD, WP, RS