

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 15, 2005

TO: Honorable Burt R. Solomons, Chair, House Committee on Financial Institutions

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB727 by Villarreal (relating to a program of grants and loans to provide capital for community development and economic development institutions serving economically distressed areas and low-income persons.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB727, Committee Report 1st House, Substituted: a negative impact of (\$241,734) through the biennium ending August 31, 2007.

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
2006	(\$124,142)
2007	(\$117,592)
2008	(\$117,592)
2009	(\$124,142)
2010	(\$117,592)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from GENERAL REVENUE FUND 1	Change in Number of State Employees from FY 2005
2006	(\$124,142)	2.0
2007	(\$117,592)	2.0
2008	(\$117,592)	2.0
2009	(\$124,142)	2.0
2010	(\$117,592)	2.0

Fiscal Analysis

The bill would require the Office of the Governor to establish a community investment program which would make grants or interest-free loans to eligible institutions that make community development loans in distressed areas or assist low-income areas by providing basic consumer financial services.

The bill would take effect September 1, 2005.

Methodology

The Office of the Governor would require one Program Administrator V (\$53,196 each year) to review applications and make recommendations regarding eligibility and one Administrative Assistant II (\$27,666 each year) to process applications and perform administrative responsibilities associated with the program. In addition, the agency would require \$5,000 each year for travel relating to application investigations and training, \$6,550 in fiscal years 2006 and 2009 for computers and related equipment, \$7,682 each year for supplies, postage, telephones, and other operating expenses, and \$24,048 each year for employee benefits.

This analysis does not estimate funding for the Office of the Governor to make grants or interest free loans to eligible institutions, as neither the amount of funding to be provided nor the source of this funding is specified by the bill.

Technology

The Office of the Governor would require funding to provide computers and related equipment for two new positions

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 301 Office of the Governor, 451 Department of Banking

LBB Staff: JOB, JRO, MW, RB